

EIGHT PAGES
FROM SUNDAY'S
The New York Times
WEEKLY REVIEW
INSIDE TODAY

THE JERUSALEM POST

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IDF move to improve liaison with Unifil

By JOSHUA BRILLIANT
Post Defence Reporter

TEL AVIV — The IDF moved yesterday to ease communications between Israeli and Unifil units in South Lebanon by appointing a liaison officer for the region's central sector.

The step follows the killing of an Irish Unifil soldier by Israeli tank fire on January 10. In that incident the Israeli unit that fired at a Unifil position in Barshit in the central sector believed there were terrorists there.

An IDF source said yesterday that the liaison officer would be based at the IDF office in Bint Jbail. Additional officers may be assigned to other sectors of South Lebanon once manpower and other problems are solved.

The appointment should drastically cut communication time between IDF and Unifil units in the field. In the past, an Israeli unit wanting to pass a message to Unifil would contact the IDF office in Marjayoun, which would then call a liaison office in Tiberias. The officers there would contact their representative in Rosh Hanikra, who had to call Unifil headquarters across the border in Nakura. The message then had to move through Unifil channels to the field unit.

Such roundabout communications caused problems not only in emergencies — such as the January 10 incident — but also in day-to-day activities.

Israeli military sources have said that IDF units that spot suspected hostile units waste precious time before being assured that they are not taking aim at Unifil men. By the time they receive word, the enemy may disappear.

Some IDF units had direct channels of communication but they were informal and haphazard. Unifil spokesman Timor Goksell said the Finnish battalion in Taibe had direct access to an Israeli commander in the area. But as a rule direct contact was made only when officers met by chance.

Snow and cold

Jerusalem Post Reporter

Snow will fall in the hilly areas of the Galilee today and the temperature in Jerusalem will drop to 1 tonight as the cold snap continues, the weatherman said last night.

Heavy rains washed the North yesterday. Safed got 43 millimetres of rainfall in 24 hours and the Golan Heights got 58. Wet weather has been predicted for today in the north and centre of the country.

The duty weatherman said rain would stop tomorrow but that temperatures would drop even further. Despite the cold, snow is not expected in Jerusalem.



A West German guard keeps his finger on the trigger outside Bonn's embassy in Beirut. (AFP)

Lebanese captors threaten to kill Americans U.S. weighing military strike to free hostages

By WOLF BLITZER
Jerusalem Post Correspondent and agencies

WASHINGTON — The Reagan administration was yesterday weighing the possibility of military retaliation if any of the American hostages in Lebanon are killed, as has been reportedly threatened by their captors.

President Reagan, who returned to the White House yesterday from his Camp David retreat, is said to have asked his aides for a series of options, including the use of military force, in an effort to free the Americans.

The administration was taking seriously a telephone call to a Beirut radio station, warning that one of the American hostages would be killed unless a Lebanese hijack suspect, Mohammed Ali Hamadi was released from a prison in West Germany.

The White House, in a statement, expressed Reagan's "deep concern" over the taking of four more hostages on Saturday — three Americans and an Indian national — at Beirut University College. "We hold those who took the hostages responsible for their safety," the statement said. "And we call for the immediate release of the hostages."

Appearing on ABC television news yesterday, both former secretary of state Henry Kissinger and Democratic Senator Claiborne Pell of Rhode Island, the new chairman of the Senate Foreign Relations Committee, insisted that the U.S. should not rule out a military response to the latest incident.

Reflecting growing frustration in Washington, they also suggested that the ill-fated U.S. involvement in the arms-for-hostages negotiations with the Iranians since the summer of 1985 appears to have encouraged the terrorists — and the states that sponsor their activities — to take even more hostages.

In the past, however, Defence Secretary Caspar Weinberger and other senior American military officers have steadfastly opposed a strong military option. When the U.S. has undertaken such decisive action — as was the case in the bombing of Libya and the aerial capture of the Achille Lauro hijackers — Reagan was forced to overrule the Pentagon's hesitations.

Pell yesterday called on all the remaining Americans in Lebanon to leave immediately. He said the U.S. govern-

ment should officially announce that it was requiring all Americans in Lebanon to leave — a step taken last year in connection with the Americans in Libya. Despite that order, however, only about half of the American citizens in Libya actually left.

In Beirut yesterday U.S. Ambassador John Kelly held a second round of crisis talks with senior aides as a pro-Iranian faction reportedly threatened to kill the kidnapped educators.

The Christian Voice of Lebanon radio quoted a spokesman for the Shi'ite Organization of The Oppressed on Earth as threatening that the four kidnap victims "will be wasted" if the U.S. continued its alleged support to Iraq in the six-year-old Gulf war against Iran.

The radio, reputed for inaccuracy on Moslem-related affairs earlier quoted an anonymous caller as placing responsibility for abducting the four on the Organization of The Oppressed on Earth. It quoted him as saying the kidnapping was to prevent Hamadi's extradition to the U.S. from West Germany.

The caller also said the group would kill one of the hostages if the Shi'ite terror suspect was handed over.

In a second contact, the caller warned the West German government against "cooperating with the U.S. in efforts to extradite brother Mohammed Ali Hamadi." He threatened that West German hostages "will be wasted" if 22-year-old Hamadi was not released by midnight last night.

In Bonn, meanwhile, a newspaper said a Lebanese middleman was expected to arrive in Bonn yesterday to help negotiate the release of the two West Germans held hostage in Lebanon, but officials declined to comment on the report.

The Bonn-based *Welt am Sonntag* newspaper headlined a front-page article with "Bonn awaiting a Beirut negotiator." It said he would meet with a government crisis command set up to deal with the abduction of businessman Rudolf Cordes and Siemens technician Alfred Schmidt.

Welt am Sonntag did not identify the "middleman," but said he was a Lebanese living in West Germany.

The newspaper said it is certain that "Cordes and Schmidt are well," but gave no source for its information.

Heth strikes back at critics

By PINHAS LANDAU
Post Finance Reporter

Dr. Meir Heth, the newly installed chairman of Bank Leumi, yesterday responded to criticism from several quarters in the wake of his nomination for the post, calling it "distortions and slander."

In a separate development, Oded Winkler, one of 11 other people nominated with Heth to become directors of the bank, announced that he would not be taking up the position offered him, in protest against what he called the "politicization" of the board.

Today, the committee chaired by outgoing Leumi chairman Eli Hurwitz and advised by former justice minister Haim Zadok will present to Bank of Israel Governor Michael

Bruno its findings on the salary, severance pay and pension terms, awarded Leumi's ex-chairman, Ernest Japhet, and other senior executives.

The bank's works committees are perhaps the most important of the groups waiting for this report. A senior member of one of the works committees told *The Jerusalem Post* that their initial impression of Heth was that he was "intelligent and to the point."

In this member's opinion, Heth could prove better than his predecessor, Hurwitz, who, he said, "believed that if he smiled charmingly and told everyone what they wanted to hear, he could get by without difficulty."

The works committees are to have their first proper meeting with Heth

today. On the agenda will be their long-standing demand for observer status on the bank's board, as well as the issue of the bank's "rationalization and efficiency programme" — a standard euphemism for firing workers and closing down branches.

If the Hurwitz-Zadok report confirms earlier rumours that Leumi's chief executive officer, Mordechai Einhorn, until recently received a salary of \$40,000 a month, and that other top executives were also paid over \$20,000 each, the works committees may well repeat their earlier demands that these people resign.

Leumi's new board was co-opted by the old one in two stages, on Friday and yesterday, with the remaining members of the old board

(Continued on page 7)

Knesset row over Balas-Amorai deal

By AVI TEMKIN
Deputy Finance Minister Adi Amorai received \$23,000 in consultant's fees in 1984 from financier David Balas, now on trial on charges of defrauding the United Kibbutz Movement of \$29 million.

Amorai, who was then head of the Alignment faction in the Knesset Finance Committee, received the money for financial advice given to Balas by his consulting firm.

In a radio interview yesterday, Amorai admitted that he had received the fee from Balas, but insisted that at no point had he represented him in dealings with the government. A number of MKs have

their own economic consulting firms or law offices.

The revelations about Amorai's fees created a storm in the Knesset. Speaker Shlomo Hillel called upon the Knesset to find a suitable solution to the problem of what he called "additional occupations" by MKs. He said part of the solution would be to ensure that MKs earned a proper salary that would eliminate the need to seek additional income.

In an interview in *Hadashot* on Friday, Balas said that he had donated \$600,000 to the Labour Party in 1984. He had promised to donate another \$400,000, but changed his

(Continued on Page 2, Col. 1)

Panel to study registration of converts

By ASHER WALLFISH
and SARAH HONIG
Jerusalem Post Correspondents

The cabinet yesterday formed a committee of ministers to study the problem of registering immigrants who were converted to Judaism abroad in the Population Registry.

Although the main impetus for setting up the seven-member body was Prime Minister Shamir's wish that Rabbi Yitzhak Peretz return to the cabinet as interior minister, the Shas party leader said yesterday that the cabinet decision was not enough.

Peretz resigned earlier this month after refusing to obey a High Court ruling ordering him to register U.S. immigrant Shoshana Miller as a Jew, because she had been converted there by a Reform rabbi.

Peretz's Shas Party is still in the coalition, at least for the time being.

The ministerial committee, chaired by Shamir himself, will consult with experts in Israel and the Diaspora and will attempt to complete its work within six months. According to its terms of reference, its recommendations must be unanimous.

The Likud has three representatives on the committee: Shamir himself, Justice Minister Avraham Shari and Minister-without-Portfolio Yitzhak Moda'i. The Alignment has Vice Premier Peres, Energy Minister Moshe Shahal and Absorption Minister Ya'acov Tsur. Religious Affairs Minister Zevulun Hammer, the National Religious Party leader, is the seventh man.

Shamir agreed that Peretz would serve on the committee if he returned as interior minister and added that Communications Minister and Shinui leader Amnon Rubinstein would then also be co-opted.

Peretz said last night that in order for him to return to the cabinet now, the Knesset Law Committee would have to rule that the "nationality" category in identity cards should be left blank as long as the cabinet body was engaged in its study.

He also demanded that the Population Registry be empowered to file detailed documentation regarding immigrant converts, for future reference.

Hammer told Kol Yisrael last night that the National Religious Party would not agree to the Shas demand whereby new identity cards would be issued without specifying "nationality," even for a limited six month period.

At the cabinet meeting, Shahal and Rubinstein got Shamir to state officially that nothing the committee of ministers recommended would go counter to existing High Court rulings on the registration of immigrant converts.

My wife, dearest woman of all

A veritable angelic soul

Dr. Honoris Causae

RENA MALKA ZIMAND

(née Deutsch)

passed away after several hours' struggle with death

My pain and sorrow are boundless.

David Zimand

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HOME AND FOREIGN NEWS

Intrigues rock Housing Min.

By MICHAEL YUDELMAN
Jerusalem Post Reporter

Tension is high in the Housing Ministry following Housing Minister David Levy's sacking of four senior officials last week.

Levy refused to comment on the affair yesterday and it is not yet known who will replace the dismissed officials, who reportedly will be offered other positions in the ministry and its companies.

The officials — ministry director-general Sasson Shilo, the ministry's political adviser, Yitzhak Regev, Shikun U'fitchak board chairman David Mor and the housing company's director-general Shlomo Shatner — were reportedly fired because of personal conflicts and faulty management, which had hampered the ministry's functioning.

Quarrels among the officials had led to a host of rumours and scandals sully the ministry's reputation.

One such scandal arose when Shilo reportedly told Levy that Regev had tried to rape a ministry worker, who later denied the allegations.

Another case was the appointment of the ministry's former assistant Avner Sarusi as deputy director-general of Shikun U'fitchak, the ministry's housing company. In return for agreeing to Sarusi's appointment, employees were offered a quarter of a million dollars in wage benefits a year. The deal was reportedly hatched by Mor and Regev.

A third incident followed reports that Hava Gino, a worker in the ministry's Tibers office, was fired so that Levy's daughter Etzli could be hired in her place. Gino, who was due to be interviewed on television, cancelled her appearance after threats, it was reported.

Shilo and Regev, a former Yarmit evacuee, were on bad terms from the start, each vying for the number two position in the ministry after Levy.

Commenting on his dismissal, Shilo said that he had asked to be relieved of his duties a month ago. But in fact he was fired after the rape allegation.

Regev, who had requested a senior post in Haifa, yesterday began work in his new post as director of the ministry's northern region.

Mor was reportedly fired for the way he had handled the Sarusi affair. Ministry sources said Saturday that Shatner, a Labour Party member, was a highly regarded professional and that Shikun U'fitchak would be harmed by his removal.

But Levy was persuaded that it "would look bad politically" if Mor were removed and Shatner were allowed to stay. As it is, the sources said, Levy is risking the antagonism of some of his supporters by the reshuffle, with the Herut convention so close at hand.



Meir Zorea

GSS prober hits out at politicians

Aluf (res.) Meir Zorea, who headed a panel that investigated the killing of two of the terrorists who hijacked Bus No. 300 in April 1984, says the public should protest against the country's political leadership for the way it handled the recent probe of the Shin Bet's role in the affair.

Interviewed in the latest edition of the monthly *Monitin*, Zorea says it was "hutzpa" that those who committed serious crimes got off without punishment. He adds that even though Prime Minister Shamir was cleared of criminal liability "that does not mean that he is exempt from public responsibility" for what happened.

Zorea also says that he suspected that the Shin Bet representative on his panel, Yossi Ginosar, was coordinating the testimony of the Shin Bet witnesses, which later proved to be correct.

He adds that when he asked then Shin Bet chief Avraham Shalom if he had given the order to kill the terrorists, Shalom "put on a big display of anger, showing us how offended he was. When I told him he could spare us his reaction and just answer the question, he said that he had not given the order."

Australia seen acting against former Nazis

NEW YORK (JTA). — The president of the Executive Council of Australian Jewry (ECAJ) said Friday that he expected Prime Minister Robert Hawke to take steps within the next two months to implement most of the recommendations of a recent report on Nazi war criminals in Australia.

ECAJ President Leslie Caplan spoke here at a meeting of the American section of the World Jewish Congress.

In June 1986, following more than a year of investigative reporting by the media disclosing the presence of accused Nazi war criminals in Australia, the government appointed Andrew Menzies, a retired government official, to probe the matter.

According to Caplan, Menzies's final report, released in Canberra last month, endorses "precisely what we had been calling for."

Menzies's principal recommendations are that the government should announce that it will take appropriate steps to bring to justice persons who have committed serious war

crimes, and that the government should establish a war crimes prosecution unit along the lines of the U.S. Justice Department's Office of Special Investigations.

In Tel Aviv, retired journalist Havi Avner yesterday addressed a plea to Hawke who is arriving here today, urging his government to deport the Nazi sympathizers who were sent to Australia from Palestine by the British at the outset of World War II.

Canada told *The Jerusalem Post* that about 400 Germans were deported from Palestine to Australia, and others emigrated to Australia after the war.

Mark Leibler, president of the Zionist Federation of Australia, is to receive the Order of Australia today for services to the community, and particularly the Jewish community. Leibler is a tax lawyer of Melbourne. Australian Prime Minister Bob Hawke is due to arrive today from Amman for a four-day visit. Hawke will meet with Israeli and Palestinian leaders, and will visit Yad Vashem.

Pensions disaster predicted

Labour and Social Affairs Minister Moshe Katsav yesterday warned that if a state pensions scheme does not come into operation in the next 15 years, the anticipated collapse of existing Histadrut pension funds could cause a greater shock wave than the collapse of the bank shares in 1983.

Presenting his proposed scheme to the cabinet at the weekly meeting, Katsav explained that the Histadrut funds are not collecting enough revenue today to cover the obligations they will have to meet after the year 2000.

The minister said that under his proposal everyone in the country,

whether a wage earner or self-employed, would be entitled to a National Insurance Institute pension plus a state pension which would together amount to 70 per cent of his last earnings.

In addition, he said, those who wished could increase their post-retirement incomes by subscribing to voluntary savings plans.

At present, Katsav explained, some pensioners fare worse than others after retirement.

The state pension scheme proposal would not affect the rights and savings of the present members of the Histadrut pension funds, the minister stressed.

Stabbing suspect charged in court

The man who allegedly stabbed two Arab watchmen outside the Jerusalem Post building in Romema on January 1 was charged yesterday in the district court with causing bodily harm under aggravated circumstances.

Offer Ben-Shlomo, 24, has been in custody since January 5. But the police have not yet found two other men who allegedly took part in the attack.

According to the charge sheet, Ben-Shlomo stabbed the watchmen after they refused to let him into the *Post* building.

One of the watchmen was stabbed in the chest and abdomen and was hospitalized for a week. (Itim).

PLO list wins Bir Zeit

By JOEL GREENBERG
Jerusalem Post Reporter

PLO supporters have won all nine seats in elections to the Bir Zeit University student council, but an Islamic list scored gains in the ballot.

The pro-PLO "Maghdousheh Martyrs' Bloc," a coalition which included Communist Party supporters, won 808 votes; the "Islamic Bloc" won 643, and supporters of the Popular Front for the Liberation of Palestine received 482 votes in the elections Thursday.

Palestinian sources said support for the Islamic Bloc rose to 34 per cent as compared with 25 per cent last year. Islamic groups control student councils at Hebron University and the Islamic College in Gaza.

Convict licks cancer — now he needs a home

By BRADLEY BURSTON
For The Jerusalem Post

BEERSHEBA. — Last October, when twice-convicted burglar Yitzhak Revivo was sent back to jail for six months, some prison officials considered the term tantamount to a life sentence. At the time, Revivo, 35, was dying of cancer.

"No one believed he would survive long enough to be released," prison social worker Ruhama Barak said yesterday. "He was as wasted away as a skeleton."

Doctors had diagnosed Revivo's condition as a deadly cancer of the blood and lymph nodes. Although the prognosis was decidedly bleak, Revivo began intensive treatment in the Soroka Hospital hematology department.

Today, thanks to the combined efforts of prison staff, doctors, nurses, and what Barak calls "Revivo's extraordinary will to live," Prisons Service officials have another problem on their hands.

In a matter of weeks, when the recovering convict is scheduled to be released, he will have nowhere to go. "I haven't had a home or a family



Yitzhak Revivo

since I was 10 years old," Revivo said yesterday at Soroka's outpatients clinic. "I never knew my parents. I have no brothers or sisters, no girlfriend on the outside, no one at all."

Revivo was brought to Israel from Morocco by his grandparents at the age of four. Six years later he left home to take odd jobs, sleeping in

back alleys and eventually drifting into a life of break-ins and burglaries.

Yesterday, a Prisons Service official appealed to government agencies and the public to assist Revivo in his return to society. Though doctors agree that Revivo cannot work as a result of his illness, the National Insurance Institute has refused to consider his request to be classified as disabled until he is released from prison. The Amidar housing authority has taken a similar stand.

"People are repelled both by the stigma of the ex-convict and by the stigma of the cancer patient," Prisons Service spokesman Shimon Malka said.

"If volunteers don't come forward to offer him someone to talk to, someone to visit on Shabbat and holidays and someone to accompany him to treatment, which is absolutely vital to his survival, he will be back with the dogs that roam the streets of Beersheba," said Malka.

"If no one helps him, at best he will commit a crime so that he can come back to prison. At worst, he won't live long enough to come back."

Iraqi aliya to be celebrated Thursday

Jerusalem Post Staff

The mass aliya of Iraqi Jewry 35 years ago is to be commemorated at a special assembly Thursday evening in Tel Aviv's Mann Auditorium.

Some 120,000 Iraqi Jews came to Israel at the beginning of the '50s. The exodus from Iraq began clandestinely and continued with the permission of the Baghdad government in what was known as "Operation Ezra and Nehemiah."

President Herzog, Prime Minister Shamir, Vice Premier Peres and other public figures are to attend the ceremony.

A special symbol for the event was designed by the Bing Linal advertising agency.

Gaza violence continues

By JOEL GREENBERG

Demonstrators threw a petrol bomb and stones at Israeli vehicles in Khan Yunis yesterday as protests continued against the imminent deportation of a student from the Gaza Strip town. An IDF soldier was lightly hurt.

The unrest began over the weekend, after Mohammed Dahlan, accused of leading the Fatah youth movement in the Gaza Strip, cancelled a planned application to the High Court of Justice against his deportation.

THEATRE. — Amit Gazit has been chosen as the artistic director of the Khan Theatre in Jerusalem in place of Yossi Yzraeli. The decision was made at a meeting yesterday of the theatre's management committee.

Suspected shelter arsonist turns self in

A student at the Shuvu Banim yeshiva in the Moslem Quarter of Jerusalem's Old City, Zvi Zucker, turned himself in to the police yesterday. He has been wanted for over a month on suspicion of burning bus-stop shelters.

Police believe Zucker was in a car that ran a police roadblock last month near the Old City. The car was later abandoned. Police believe that the three men in the car were planning to "burn" bus-stop shelters,

since rags and turpentine were found in the trunk.

The owner of the car, Moshe Shalgi, a Shuvu Banim student, was later arrested, and warrants were issued for Zucker and his fellow student Arik Wolpovitz, who is still being sought.

Meanwhile, Shalom Ohayon, who was stabbed with his brother, Avi over a week ago in the Old City, was discharged yesterday from hospital. (Itim).

The weather at major Swissair destinations

	25.1.87	MIN.	MAX.	
AMSTERDAM	C 12 F 54	9	16	Cloudy
BRUSSELS	-1 31 34	1	34	Cloudy
CHICAGO	-11 15 13	9	13	Cloudy
COPENHAGEN	6 32 14	24	34	Cloudy
FRANKFURT	1 34 34	1	34	Cloudy
GENEVA	-1 27 4	24	34	Cloudy
HELSINKI	-8 18 45	25	45	Cloudy
HONGKONG	14 27 17	43	27	Cloudy
JERUSALEM	15 29 21	81	29	Cloudy
LONDON	18 30 14	43	30	Cloudy
MADRID	5 14 18	43	18	Cloudy
MONTREAL	-13 9 23	23	9	Snow
NEW YORK	-11 21 19	19	21	Snow
OSLO	-4 21 19	19	21	Snow
PARIS	2 36 4	24	36	Cloudy
PRINCE JABAR	11 29 18	86	29	Cloudy
SAO PAULO	23 33 19	86	33	Cloudy
STOCKHOLM	1 34 23	26	34	Cloudy
TOKYO	4 30 28	28	30	Cloudy
TORONTO	-8 18 23	23	18	Snow
VIENNA	-4 21 4	24	21	Cloudy
ZURICH	-5 23 1	1	23	Snow

*For the latest weather conditions contact Swissair.

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Haifa: 2233 Road 04-324855
Tel. Aviv: 25 Hayasot St. 052-352432
Gat: Ben-Gurion Airport 03-9712151

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THE WEATHER

Forecast: Rain in North and Centre, thunderstorms and strong wind. Snow on Mt. Hermon and hilly areas of the Galilee.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	63	5-9	5
Golan	100	-7-7	5
Nahariya	100	15-15	8
Safed	49	4-6	3
Haifa Port	—	—	—
Tiberias	66	9-17	13
Nazareth	70	6-10	8
Afula	70	8-15	12
Shomron	68	6-10	7
Tel Aviv	62	10-16	13
B-G Airport	61	9-15	12
Jericho	45	6-20	16
Gaza	55	8-16	13
Beersheba	45	4-16	12
Eilat	33	7-19	16

Rainfall in millimetres for 24 hours ending 8 p.m. yesterday: Jerusalem 1, Golan Heights 58, Safed 43, Tiberias 3, Nazareth 15, Afula 14, Shomron 14, Tel Aviv 10, Ben-Gurion Airport 18, Gaza 2.

SOCIAL & PERSONAL

Prof. Sir Hermann Bondi FRS and Lady Bondi yesterday visited the Weizmann Institute of Science as guests of its president, Prof. Aryeh Dvoretzky. Prof. Bondi also met with Professors Israel Dostrovsky, Givrol Goldring, Chaim Pekenis and Lee Segel.

Yeshiva head calls for rethink on 'other' Jews

By HAIM SHAPIRO
Jerusalem Post Reporter

A suggestion that Orthodox Jews might have to recognize the institutions of Conservative and Reform Jewry was made yesterday by Rabbi Aharon Lichtenstein, head of Har Etzion Yeshiva, the largest hesder yeshiva in the country.

Lichtenstein was speaking at a National Religious Party conference dealing with the issue of "Who is a Jew."

In order to solve the problem of thousands being annually converted by non-Orthodox rabbis, he said, Orthodoxy should "perhaps pay a certain price in the form of legitimization and recognition."

Religious Affairs Minister Zevulun Hammer, pursuing a similar line of thought, called for "isolating the extremists," those who advocate recognizing the children of Jewish fathers as Jews or who condone intermarriage, "by continuing to talk to the others" in American Jewry.

Soviet olim demand

TEL AVIV. — The case of Ilya Apterman of Ashdod was one of those cited here yesterday at a press conference announcing the formation of Let Our Parents Go, a group of 100 Israelis who are separated from their elderly parents in the Soviet Union. Apterman of Ashdod has not seen his father, Zalman Apterman, 99, who lives in Moscow, in 15 years.

First zoo in West Bank

By JOEL GREENBERG

The first zoo to open in the West Bank will be inaugurated Wednesday in Kalkilya, the Civil Administration announced yesterday.

Animals have been contributed by kibbutzim, Israeli wildlife preserves and Bar-Ilan University. The NIS 300,000 cost of building the zoo was covered by funds provided by the Administration and the Kalkilya municipality.

BALAS

(Continued from Page One)

mind after a deal involving the purchase of 25 per cent of Hasneh, the Histadrut insurance company, fell through.

According to Balas, Amora acted as his middleman with the Labour Party. He added that after the elections he agreed to give \$1.8 million to cover the debts of Ezer Weizman's Yahad Party, and this made possible the alliance between Yahad and the Alignment.

Since his arrest Balas has claimed that his dealings with the UKM were part of his financial links with the Labour Party.

MK Geula Cohen (Tehiya) said that for years MKs who had earned money from additional work had blocked all efforts to amend the law to prevent them from doing so. Mordechai Virshupski (Shinui) said the MKs should accept the restrictions on outside work assumed by cabinet ministers, under the recommendations of the Asher Committee on conflict of interest.

We regret to announce the death of
SIDNEY BENJAMIN LUNZER
in his 93rd year
Funeral at Sanhedria, Jerusalem
Monday, January 26 at 3 p.m.
The family

The Mayor of Haifa, Arye Gurel
The National Maritime Museum, Haifa
Haifa Museum
Announce in sorrow the passing of the artist

BEN-ZION
son of Rabbi Hirsh Weinman
who died in the United States and will be laid to rest in the Kfar Samir Cemetery, Haifa at 9:30 a.m. tomorrow, Tuesday, January 27, 1987.
The funeral cortege will leave at 9 a.m. from the plaza of the National Maritime Museum, 198 Allenby Road, Haifa.

In deep sorrow and anguish we announce the death of our dear one
MARTIN LAKUS
The funeral will take place today, Monday January 26, 1987, at 1:30 p.m. at the Kfar Samir cemetery in Haifa. The mourners will meet at the main gate.
The Mourners
Mall and her family
Ronit Holtzman and her family
Edna Shiloni and her family

בן דוד אמת
We share with the
MIZRI FAMILY
their painful grief on the sad loss of a beloved husband and father
ALBERT (Avraham) MIZRI
המקום ינחם אתכם בתוך שאר אבלי ציון וירושלים
Kiryat Sanz — Laniado Hospital
Rabbi Meier S. Eisenman Gershon Lieder

Our beloved
Dr. Honoris Causae
RENA MALKA ZIMAND
(née Deutsch)
will be laid to rest on Thursday, 28 Tevet, 5747 (Jan. 29, 1987) at 11 a.m. in the Mt. of Olives cemetery, Jerusalem, in the Kedoshim section, Jericho Rd.
Bus transport for mourners will leave at 9:15 a.m. from the Railroad Station (North), Artosoroff St., Tel Aviv.
The Family Remetam Ltd.

With great sorrow we announce the death of our beloved wife, mother, sister, grandmother and great-grandmother
LOTTE ATLASZ
The funeral will leave at 2:30 p.m. today, Monday, January 26, 1987 — 25 Tevet, 5747, from the Municipal Funeral Parlour, 5 Dafna St., Tel Aviv, for the Holon cemetery. Transport will be provided.
The Bereaved Family:
Husband: Dr. Robert Atlasz
Daughter: Ruth and Joseph Lazarovsky
Daughter: Susi and Elie Libresco
Brother: Rolf and Lisel Feder
Grandchildren and great-grandchildren

In deep sorrow we announce the passing of our beloved
ENID (Yehudit) CLAYTON
The funeral will leave today, Monday, January 26, 1987 at 3 p.m. from the Culture Hall in Michmoret, for the Michmoret Cemetery.
The bereaved family in Israel:
Mick and Louise
Sally and Harvey
Gladys and Jackie
Daniella, Oren and Michelle

The Students and Staff of the
YOUTH ALIYAH Department of the
Jewish Agency for Israel
share the grief of philanthropist
JOSEPH GRUSS
on the death of his dear wife
CAROLINE
Uri Gordon
World Head of Youth Aliya

Bar-Ilan University
extends sincerest condolences to one of the University's most generous benefactors and an honorary alumnus
Mr. David Zimand
as well as to his children
HENRY and ANDA ZIMAND
FANNY and ALEXANDER (Sasha) YESHURUN
on the death of their beloved wife and mother
RENA
also an honorary alumna and David's full partner in life and in every philanthropic undertaking.

United Israel Appeal — Keren-Hayesod
mourns the passing of
RENA MALKA ZIMAND
and expresses its sincere condolences to her husband
DAVID ZIMAND
AND THE ENTIRE FAMILY
Dr. Avraham Avi-hai
World Chairman
Yaacov Gilead
Director-General

Arafat-Hussein, Jemayel-Assad meetings mooted at Summit

Arab leaders hope to bury hatchets

Post Middle East Staff and Agencies

PLO Chief Yasser Arafat was quoted yesterday as saying he hopes to meet with Jordan's King Hussein at the Islamic summit conference opening today in Kuwait.

Lebanese President Amin Jemayel may meet with Syrian President Hafez al-Assad during the summit, Syrian sources told Radio Monte Carlo.

Jemayel has not met with Assad since he refused to sign a Syrian-sponsored Lebanon peace plan early last year.

Arafat's meeting with Hussein would be the first since the Jordanian ruler suspended political coordination with the PLO in February, 1986. Arafat's statement in the Kuwaiti newspaper *Al-Rai al-Aam* came as a flock of presidents and princes descended on the Gulf emirate yesterday for the conference. Thirty-two heads of state are expected to take part in the event, to be attended by 44 of the Islamic Conference Organization's 46 members.

The leaders arrived yesterday at 15-minute intervals at Kuwait's international airport. Sheikh Jaber al-Ahmad al-Sabah, whose family has ruled the oil-rich Gulf state for more than 200 years, embraced and kissed each arrival with assembly-line regularity.

Security forces sealed off much of central Kuwait, and the brand-new 500,000 square metre

conference centre south-west of the capital was ringed by paramilitary police and army troops.

The tight security reflected recent terrorism and threats against Kuwait and the conference participants by pro-Iranian groups.

A group calling itself the "Revolutionary Organization - Forces of the Prophet Muhammad in Kuwait" yesterday claimed responsibility for Saturday's car-bomb explosion in central Kuwait. The claim was made in a communiqué issued in Beirut.

There were unconfirmed reports of a second and third blast - the latter possibly caused by an Iranian missile from the Gulf war zone 80 km. to the north. But Kuwaiti authorities, apparently fearful the violence would scare off Moslem leaders, clamped a tight news blackout on the explosions.

The Gulf War is the major issue overshadowing the conference agenda. Islamic foreign ministers yesterday proposed a draft for an ICO summit appeal to Iran to respond to Iraqi peace initiatives, delegates said. The draft resolution also calls on both sides to cease hostilities.

But Iran, which is shunning the conference, already has said it will not honour any resolution relating to the war.

Iraq's president Saddam Hussein had been expected to attend the conference, but sent his deputy, Izzat Ibrahim, apparently because of the

war situation.

Many analysts attribute President Hosni Mubarak's newly refurbished Arab credentials to his unwavering support for Iraq in the war. Mubarak arrived Saturday for his first Islamic summit since his country was ostracized in 1979 for making peace with Israel.

In Tel Aviv, Yossi Beilin, political director-general at the Foreign Ministry, told Israel Radio that Egypt's participation in the conference was a "positive development."

Beilin said it was significant that the Islamic conference nations were "willing to accept the president of a country which has a treaty with Israel. From Israel's point of view, this is an important event."

Beilin added that Mubarak was coming to the conference "proudly and with no intention to offer apologies" for his country's relations with Israel.

On the battlefield, Iranian anti-aircraft units yesterday claimed to have shot down three Iraqi jets over the central front, where the Iranian army is engaged in what it calls a limited offensive against Iraq's Second Army Corps.

Teheran radio also said the army fired four medium-range missiles at strategic targets in Khaneqin, 150 km north-east of Baghdad, and the southern city of Basra.



An Iranian soldier stands guard over some 1,500 Iraqi prisoners-of-war at a camp near Ahvaz, in southwestern Iran, following their capture during the current "Karbala-5" offensive launched January 22. (AFP)

Aquino human rights group quits over army killings

MANILA (Reuters). - Government human rights investigators yesterday delivered the latest in a series of political jolts to President Corazon Aquino by resigning in protest at the killing of 15 demonstrators by troops last week.

A member of the Presidential Committee on Human Rights (PCHR) who did not wish to be identified told Reuters the seven resigning PCHR officials included its respected chairman, former senator and human-rights lawyer Jose Diokno, and former Supreme Court justice Jose Reyes.

The departure of the majority of the nine-member body follows a rising tide of protests threatening to engulf Aquino's government just

eight days before a crucial nationwide referendum on a new draft constitution.

Their move cast a shadow over church prayers held across the nation by Aquino's supporters to celebrate her 54th birthday.

Aquino set up the PCHR after she was swept into power 11 months ago to probe human rights violations under deposed President Ferdinand Marcos.

The PCHR source told Reuters Aquino had requested the resigning members to reconsider their decision and asked them for a meeting.

The source said the PCHR had laid down unspecified conditions for a withdrawal of the resignations.

Diokno's daughter Maria, one of

the key government negotiators holding peace talks with Communist rebels, quit her post on Friday saying the killing of 15 demonstrators by troops the day before was indefensible.

The violence erupted when about 10,000 farmers demanding land reforms attempted to break through police and military cordons and surge across a bridge leading to the Presidential Palace. More than 100 people were wounded.

Hundreds of policemen present at the shooting were subjected to paraffin tests Saturday to detect gunpowder traces. Aquino has set up an independent group to probe the shooting and pledged the guilty will be punished.

Swedes bar entry of 15 Soviet Jews

STOCKHOLM (Reuters). - Swedish authorities prevented 15 Soviet Jews from leaving for the West by denying them entry visas on the grounds that they had insufficient links with Sweden, Swedish radio reported yesterday.

But the chief of Sweden's Immigration Board later said their case would be re-examined.

The radio reported the group, all of whom had married Swedish citizens, had been granted exit visas by Moscow but that their departure was now in doubt because Sweden would not let them in.

An Immigration Board official told Swedish radio the law required that a person must have a close link with Sweden to be given the right to reside in the country. "There has to be a certain seriousness about that connection, a certain duration to it," he said.

But the Board's director, Thorbjörn Palmblad, said in a statement that the group would have been treated differently if it had been made clear that a Swedish entry permit was necessary for the Jews to be allowed to leave the Soviet Union.

He added that the board would re-examine the case, adding that Sweden traditionally pursues a policy of allowing oppressed and persecuted people to leave their country and reside in Sweden.

120 London police hurt in protest in east London

LONDON (AFP). - Violent overnight clashes here between police and demonstrators protesting at the firing of 5,500 Fleet Street print workers a year ago left 150 people injured, 120 of them policemen, police said yesterday.

The violence marked the first anniversary of a controversial move by Australian-born press baron Rupert Murdoch that transferred the printing of four newspapers from Fleet Street to a computerized plant in eastern London.

Two print unions refused to move into the plant with reduced manning levels and their members were fired by Murdoch's company, News International.

Police on horseback Saturday night repeatedly charged a crowd of around 10,000 persons to clear the approaches to the plant. A bulldozer swept aside a van overturned by the demonstrators to block the entrance.

The 120 police with various degrees of injury had met with a hail of stones and bottles from the protesters. A police officer later said the demonstrators' "sole intention" had been to injure police, but several journalists present at the scene said the police used excessive force.

The four New International papers, *The Times*, *The Sunday Times*, *The Sun* and *News of the World* are printed by about 300 workers, chiefly non-unionised labour or members of the Conservative-led Electricians' Union.

Peru rebels raid ruling party offices in Lima, wounding 7

LIMA (Reuters). - Seven members of Peru's ruling Apra Party were wounded in overnight dynamite bombings by leftist guerrillas who launched their second major assault in the capital in one week, police said Saturday.

The rebels also toppled power pylons outside Lima, blocking out the capital and nine of the country's 24 states along a 1,100 kilometre swath of Pacific coast and in the Andes as far as the southeastern state of Ayacucho.

The four blasts were all aimed at offices of the ruling social democratic American Popular Revolutionary Alliance (Apra).

Five party members, including two women, were seriously wounded and their blood spilled onto the sidewalk in front of the Apra office as they were being carried to ambulances.

In the Rimac district, located across the river from the presidential palace, another dynamite assault wounded two people. A blast at an Apra office in a northern shanty

town caused no injuries.

Police blamed the attacks on Maoist Sendero Luminoso (Shining Path) or leftist Tupac Amaru Revolutionary Movement rebels, though neither group claimed responsibility.

Yesterday, a navy spokesman said that a navy demolition squad clearing the rubble from a jail near Lima last week has found the bodies of 10 men accused of being Maoist guerrillas.

The corpses were found as the navy was levelling a cell block at El Fronton Jail, one of three Lima area prisons where inmates staged rebellions last year.

The military, in charge of quelling the mutinies, had said at least 156 persons died in the operation last June 18 and 19. Yesterday's information raised the official toll to at least 166. Leftist parties and human rights groups have put the toll at least at 250.

Sendero vowed to kill 10 Apra members for every one of their revolts.

Police search 'New Statesman' over report on secret satellite

LONDON (Reuters). - Police have searched the London offices of a left-wing magazine which divulged a secret plan to put a satellite above the Soviet Union to spy on Russian, European and Middle Eastern communications.

Police entered the offices of the *New Statesman* Saturday night on instructions from Attorney-General Sir Michael Havers, after the magazine last Thursday leaked details of a proposed British £500 million spy satellite codenamed Zircon.

The government has already launched an inquiry into the disclosure of plans for the satellite, which the magazine said would hover above the Soviet Union and eavesdrop on telephone calls sent by radio, communications from military, police and government vehicles, and computer links.

The Foreign Office said the inquiry, to find the person who leaked the project, would first be confined to Britain's top-secret communications centre at Cheltenham, west of London. The outcome would decide if a wider investigation was needed.

The leak last week sparked a dispute in parliament, where members were prevented from viewing the satellite at a private screening of a television programme which had been banned on security grounds.

ANGOLA. - South Africa's armed forces are preparing new large-scale attacks against Angola under the "false pretext" of pursuing nationalist guerrillas from neighbouring Namibia (South-West Africa) across the border, the Defence Ministry in Luanda said yesterday.

India invites Pakistan for frontier talks

NEW DELHI (Reuters). - India yesterday invited Pakistan for talks to defuse tension created because of heavy troop movements along their common border, the Press Trust of India reported.

PTI said Minister of State for External Affairs Nawar Singh summoned Pakistan Ambassador Humayun Khan and informed him of the invitation for talks at the official level.

Quoting an official spokesman, PTI said the Indian team to the talks would be led by A.S. Gonsalves, secretary in the External Affairs Ministry.

Prime Minister Rajiv Gandhi met Khan on Friday and told him that India would like to see the situation on the border "de-escalated expeditiously," PTI said.

India has moved its troops up to the Pakistan border but has categorically stated it has no intention of attacking.

Pakistan says it is ready to defend itself but has ruled out unilateral military action. It says Pakistani troops in the border area are there for annual military maneuvers.

India and Pakistan have fought three wars since their partition after independence from Britain in 1947, two of them over disputed northern Kashmir state.

Bush, Hart lead presidential poll

NEW YORK (AFP). - Vice President George Bush is the leading candidate for the Republican presidential nomination, while former senator Gary Hart heads the Democratic presidential field, according to a poll published yesterday by the *New York Times*.

The poll, conducted by telephone from January 18-21 among a sample of 1,590 people, said that the senate minority leader, Bob Dole of Kansas, was running second behind Bush for the Republican nomination, followed by Senator Howard Baker of Tennessee and representative Jack Kemp of New York.

Japanese high-tech probes pyramids

CAIRO (Reuters). - Japanese experts using advanced electromagnetic scanning devices have started prospecting for secret chambers in the Great Pyramid of Giza, southwest of Cairo, Egyptian antiquities officials said yesterday.

They will be joined later this week by Egyptian specialists and a French team which sparked controversy last year by drilling holes in the stonework of the 4,600-year-old pyramid in search of the mummy of the Pharaoh Cheops.

Instruments used by the Japanese will penetrate the 138-metre pyramid with electro-magnetic waves to produce images of the interior without damaging the surface.

The aim was to avoid drilling unless it was necessary, Ahmed Kadry, head of Egypt's Antiquities Authority, told reporters.

Chinese student accused of spying for Western newsman

PEKING (Reuters). - A student in the Chinese port city of Tianjin (Tientsin) has been arrested and charged with "providing intelligence to a foreign journalist" based in Peking, the official *New China News Agency* reported yesterday.

The agency said Tianjin University student Lin Jie was seized by the police after "conclusive evidence" had been obtained of his "secret collusion and providing intelligence to Lawrence MacDonald, an American citizen."

The agency did not say what information the student had passed to MacDonald, an American citizen.

was not in Peking at the time of Lin's arrest but was due back from leave yesterday, his wife said.

The Communist Party leadership was shaken last month by demonstrations in many cities by students calling for more democracy and greater freedom.

The party chief Hu Yaobang was forced to resign earlier this month partly as a result of the protests.

The AFP bureau in Peking later issued a statement saying: "Agence France Presse states that it knows nothing about all accusations against Mr. MacDonald and only learned about this (matter) from a dispatch of the New China News Agency."

Soviet patents spurn edible vodka bottle

MOSCOW (AP). - Two Soviets have devised an original, if bizarre, way to combat problem drinking: selling liquor in a bottle that can be eaten to reduce the alcohol level in the blood.

I. Bogomolova and S. Kaimalkin of the city of Magnitogorsk suggested bottles made of meat and bread that

could provide the fixings for popular Russian "zakuski," or appetizers, the *Sotsialisticheskaya Industriya* newspaper reported yesterday.

The newspaper said the suggestion was promptly shelved in the archives of the government patents commission.

Non-aligned states launch Africa Fund

NEW DELHI (AP). - Non-aligned nations launched the "Africa Fund" yesterday with \$70 million to support frontline states which impose economic sanctions against Pretoria in protest against apartheid.

Prime Minister Rajiv Gandhi, speaking at the end of a two-day summit of the non-aligned nations' coordinating committee, said the fund will help frontline countries "resist the blackmail of the racist

regime" of Pretoria.

"It is a fund to finish apartheid," Gandhi said. "It is a fund to forestall bloodshed. It is a fund for peace."

Gandhi, chairman of the fund set up last year during the non-aligned summit in Zimbabwe, pledged \$40m. while Nigeria contributed \$15m.

The fund will provide economic assistance to the landlocked states bordering South Africa which have

imposed economic sanctions against the white minority-ruled country. Pretoria, in turn, has imposed counter-sanctions against those states and stopped trading with them.

The frontline nations are Zambia, Zimbabwe, Mozambique, Angola, Tanzania and Botswana.

The fund is the first concrete initiative of the non-aligned nations, which condemned apartheid and demanded economic sanctions.

Zambian President Kenneth Kuanda appealed to the international community to contribute generously to the fund, whose headquarters will be in New Delhi.

The summit began with a minute-long silence in memory of Samora Machel, the Mozambican president who died last year with 32 others in a plane crash. Machel was an active opponent of apartheid.

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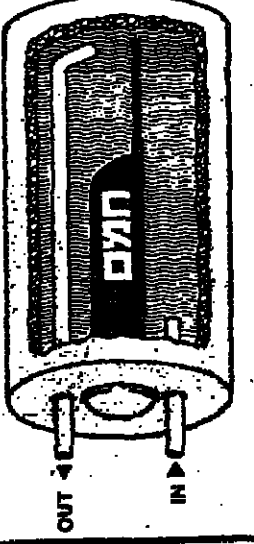
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under the patronage of the Mayor of Jerusalem TEDDY KOLLEK

The forum will be held today, January 26, 1987 at 8:00 p.m. at the SHALOM HARTMAN INSTITUTE, 28 Rachel Imenu Street, Jerusalem

THE PROGRAMME

"An Alternative Christian Response to Cardinal O'Connor"

PAUL VAN BUREN

Director S.H.I. Centre for Contemporary Theology Theological Consultant N.C.C.

"An Alternative Jewish Response to Rabbi Peretz"

DAVID HARTMAN

Dept. of Jewish Philosophy - The Hebrew University, Director, Shalom Hartman Institute

Moderator

THOMAS FRIEDMAN

M.E. Correspondent, N.Y. Times

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'Country sitting on social time bomb'

Social workers threaten action

By BERNARD JOSEPHS

Jerusalem Post Reporter

Angry social workers yesterday called on the government to drop plans to cut welfare budgets, warning that the country is sitting on a social time-bomb.

"We are facing an impossible task and are being deprived of the tools with which to meet it," said Sara Zilberstein, head of the Social Workers' Union.

Welfare workers are society's front-line troops in the battle against social deprivation, she asserted. Yet, faced with overloaded work schedules, poor pay and an increase in violence from their clients, more and more are deserting their field.

Zilberstein was speaking after an emergency meeting in Tel Aviv of local-authority social workers. More than 1,000 people attended the meeting to voice their protest over the state of the welfare services.

The social workers demanded that

the government give their profession preferred status. They decided that if this demand were not met, they would impose sanctions that could include shutting down local welfare bureaus.

"The situation is very bad indeed," said Zilberstein. "People are voting with their feet and quitting the service, and all the time the demands on us are growing, mainly because of the worsening economic problems faced by ordinary people."

In 1979, she said, there were more than 3,000 social workers. Today there are some 1,400. Each has an "impossible" workload of between 120 and 150 clients. "Two years ago the average was 60 clients, and that was considered impossible to deal with," Zilberstein added.

In return for their devotion to duty, she said, social workers received "pathetic wages." After 10 years' experience a social worker can expect to take home between NIS

500 and NIS 520 a month.

"These are the people dealing with our social time bomb. Their task is vital to society and yet this is how we reward them," Zilberstein complained.

The social workers at yesterday's meeting said that, despite well publicized efforts to improve their security, they were subject to a wave of violence, often from clients enraged because they had no means to help them.

The question of attacks on social workers hit the headlines in the summer following the murder of Amalia Levine, who was stabbed to death by a client's husband at her office in Migdal Ha'emek.

The killing spotlighted the dangers of their task and led to a tightening up of security arrangements, including, in some places, the supply to welfare workers of "mace," a chemical spray that temporarily disables an attacker.

A special committee set up by Moshe Katsav, minister of labour and social affairs, also recommended that workers take self-defence courses and that guards be posted in welfare offices.

But, said Zilberstein, "in many places nothing was done to improve conditions and the rate of violent attacks has not fallen since the murder." In just the last two days, she said, reports of attacks on social workers had been received from Ramle and Netanya. "It seems that unless someone is actually killed, few people except ourselves are bothered by this problem."

Zilberstein warned that yesterday's meeting was just the first step in a major campaign by social workers for a better deal.

"We hope the government will listen to what we are saying and do something about it. But if they don't we will have to consider tougher action than just meetings," she said.

Umm al-Fahm highschoolers suffer as creditors attach town's funds

By LEA LEVAVI

Jerusalem Post Reporter

TEL AVIV. — High schoolers in the Arab town of Umm al-Fahm have lost about a year of schooling — 173 days — over the past three years because of teachers' strikes over non-payment of salaries. The current strike began on January 5.

At a press conference here yesterday, Shoshana Bayer, chairman of the Secondary School Teachers' Association, accused the Umm al-Fahm municipality and government agencies such as the Interior Ministry and the Treasury of waging their power struggles on the backs of the town's 67 teachers and 1,100 pupils.

She gave the Education Ministry a good mark for its part in the affair. The ministry has been sending funds each month to the bank, which transfers it to the local government agencies that administer high schools. But various creditors have attached the town's account and the money doesn't get to the teachers.



Shoshana Bayer

(Keren)

"I suggested to the mayor that he establish a voluntary association to run the school temporarily, with himself as chairman," Bayer said. The Education Ministry has expressed willingness to send the money directly to this voluntary association, which would then pay the teachers' salaries.

"The mayor didn't agree, prob-

ably because he hopes to use the union's power to help arrange consolidation of his debts. Others perhaps want to use our disruptions of classes to show that the municipality has lost control and should be disbanded. We want to keep out of the politics of the matter. We only want the teachers to get paid and the pupils to learn."

Despite Bayer's praise for the Education Ministry, parents' committee chairman Mufid Jibariah said parents may take the ministry to court if all else fails. Teachers' committee chairman Farik Kassem said he and his fellow high school teachers will demonstrate at the ministry in Jerusalem tomorrow to demand a solution to their pay problem.

"We keep getting 10 per cent, 20 per cent or other small bits of back pay, but we can't support our families — let alone worry about educating the next generation — on that basis," he said.

U.S. wants still more budget cuts

By WOLF BLITZER

Jerusalem Post Correspondent
WASHINGTON. — U.S. officials are continuing to press a visiting delegation of Israeli officials for additional Israeli budget cuts and economic reforms.

"They're always doing that," an Israeli Finance Ministry official said. "The did it again last week."

U.S. officials said the Reagan administration was also most anxious to see Israel implement a far-reaching tax and capital market reform package aimed at promoting "real" economic growth.

In general, the Americans said they were impressed by the progress made over the past two years in the Israeli economic recovery programme, but they stressed that Israel still had a long way to go.

Israeli officials, led by the director-general of the Finance Ministry Emmanuel Sharon, came to Washington for the twice-a-year meeting of the U.S.-Israel Joint Economic Development Group.

The Israeli delegation, in the course of the discussions, presented a detailed explanation of Israel's need for a \$3 billion economic and military aid package for the 1988 fiscal year, which begins on October 1, 1987. Of that sum, \$1.8b. is slated for military purchases, and \$1.2b. for economic assistance. The entire appropriation, which still requires congressional approval, is in the form of an outright grant, with no repayment necessary.

Most recently, Reagan also offered Israel an option of having its repayment on its annual interest rate reduced by some \$300m. a year over the next few years. After the turn of the century, Israel would be required to make a one-time "balloon" payment to make up for the shortfall in interest payments.

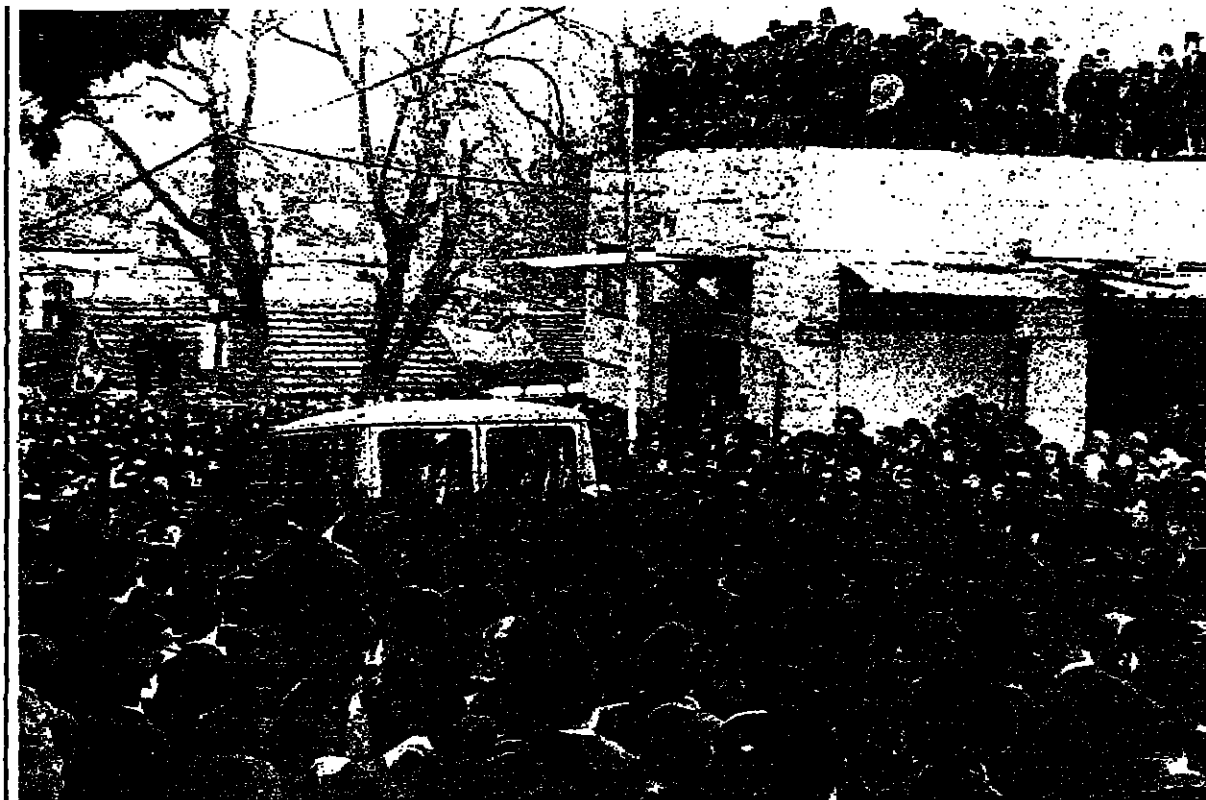
U.S. and Israeli officials described the two days of meetings at the State Department this week as productive.

Secretary of State George Shultz, who in the past has shown a keen interest in the Israeli economy, did not take part in the discussions.

Some U.S. sources have privately suggested that Shultz remains irritated with Israel for its role in promoting the Iran arms affairs, which he opposed from the start. This irritation may be conveyed next month during Prime Minister Shamir's talks in Washington.

The U.S. and Israeli teams met informally Wednesday evening at a reception at the home of the Israeli embassy's economic minister, Pinhas Dror. The mood there was warm and friendly as U.S. and Israeli officials mingled easily.

Heading the U.S. team was Undersecretary of State for Economic Affairs Allen Wallis. "He was joined by other senior State Department and Treasury Department officials."



Mourners surround a burial society van carrying the body of Hassidic Rabbi Moshe Biderman through the streets of Jerusalem yesterday (right). Children express their grief. Biderman was the head of the Lelov Hassidic sect and of one wing of the Karlin Hassidim.

(Brian Hendler, Dan Landau)

Top UK businessman in topless affair...

By DAVID HOROVITZ

Jerusalem Post Correspondent

LONDON. — Britain's highest paid executive, Burton group boss Sir Ralph Halpern, was yesterday reported to be having an affair with a 19-year-old topless model.

Halpern, a firm friend of Israel who was guest speaker at last month's Britain-Israel Chamber of Commerce luncheon here, fell for model Fiona Wright "after she featured in a girlie magazine," several newspapers reported yesterday.

Halpern, 48, married with a teenage daughter, is the only British executive with a declared salary of over £1 million a year, a sum few would quibble over given the amazing turnaround he has achieved since taking over at Burton. When he became chairman in the late 1970s, the men's outfitting group

was barely breaking even. Since then, earnings have quadrupled and the share price has risen tenfold.

But according to a report in yesterday's *Sunday Times*, Department of Trade investigators are now probing Burton's takeover of the Debenhams chain of stores in 1985.

In the wake of the Guinness scandal, in which £25m. worth of potentially illegal payments were made in the course of a takeover battle, the investigators are now examining the Burton-Debenhams takeover — masterminded by Halpern — for similar illegalities.

A legal spokesman for Halpern has denied Wright's allegations and claimed that the model was just "a passing acquaintance."

...but immunity for diplomats

By DAVID HOROVITZ

Jerusalem Post Correspondent

LONDON. — Jordanian and Egyptian Embassy officials here have used diplomatic immunity to avoid facing trial for sexual offences, the *Sunday Express* reported yesterday.

The report came as the government faced pressure to toughen its stand on sexual offences by diplomats, in the wake of revelations concerning a U.S. diplomat's husband.

Britain is now attempting to secure the extradition of American lay preacher James Myers Ingley, married to a diplomat, who left the country before he could be questioned over allegations of gross indecency involving a six-year-old girl.

According to the paper, an Egyptian

Embassy official was caught two years ago after attacking a 21-year-old woman.

The official reportedly forced the woman into his flat and ripped some of her clothing. She ran half-naked into the street and the police were called.

The man was easily located, but was released as soon as he produced his diplomatic passport.

A Jordanian official also evaded charges of gross indecency with a teenage girl when his status as embassy attaché was confirmed, the newspaper reported.

Foreign Secretary Geoffrey Howe said at the weekend that British diplomats abroad could be put at risk if the immunity rules were changed. "Sex offences are very few and far between," he added.

Labour, Likud at odds over cost of West Bank settlements

By SARAH HONIG

Post Political Correspondent

TEL AVIV. — The chances of a Likud-Alignment clash over establishing new settlements in the territories appear to have increased with Prime Minister Shamir now rejecting Labour's claim that such a step would be too expensive.

Shamir said on Friday that a new settlement costs only \$1.5 million, a sum that is "economically meaningless, particularly when one considers the strategic and national importance of the settlements in question."

Shamir made his comments at a meeting with three Herut MKs who came to press him to set up all the new settlements permissible under the coalition agreement. The three were Yigal Cohen, who heads the lobby for West Bank and Gaza Strip settlements, and Uzi Landau and Michael Eitan.

The three MKs submitted to Shamir a list of institutions and economic concerns affiliated with the Labour Party and the Histadrut, which in the past year alone were awarded NIS 540 million, an amount which they claim "vastly overshadows the pittance spent on settlements."

The Likud MKs argue that only \$31 million was spent on settlements in the West Bank, Gaza Strip and Golan Heights last year.

The leading expert on settlement activity, Meron Benvenisti, reported last week that the government has spent \$150 million on West Bank settlements in each of the last two years. Benvenisti heads the West Bank Data Base Project.

The Industry Ministry has told *The Jerusalem Post* that it spent over \$20m. in the West Bank in the first seven months of last year alone.

Likud and Labour Party figures have disagreed in the past on the cost of new settlements. Nissim Zvili, the Labour co-head of the World Zionist Organization settlement division, has set the price tag at \$2.5m.

The three Likud MKs, along with fellow party members in the Knesset Finance Committee, are to meet again with Finance Minister Moshe Nissim to discuss their request for NIS 62 million to build six new settlements and help existing ones.

The matter is also due to come up in the Knesset plenum this week, where Yigal Cohen is scheduled to table a motion on expenditure for settlements.

French position close to ours, says Peres

By MICHEL ZLOTOWSKI

Jerusalem Post Correspondent

French policy evolved in the last year towards a better understanding of Israel's position. Foreign Minister Shimon Peres said in Paris yesterday on his departure for Brussels, where he is to meet with his EC counterparts.

"I am satisfied with the French position. I found it as close to ours as one can expect," Peres told *The Jerusalem Post*.

"I found a very sympathetic atmosphere towards Israel here in Paris," he said. "In the last couple of years, Israel has proved its desire for peace and has taken some concrete steps towards achieving that aim. The impression that prevails here is that now the Arabs should act, and not just talk."

Arriving in Paris from London on Friday, Peres met with Premier Jacques Chirac and lunched with President Francois Mitterrand. He described his meetings with both French leaders as held "in a very

friendly atmosphere."

"Basically I came to Paris to compare notes with the French," Peres said. "It is important to think together about the best way to further the peace momentum."

At a working breakfast with Foreign Minister Bernard Raimond, Peres said that a standstill in the peace process would be dangerous as it could lead to a deterioration in the situation. "It is important to solve problems regarding the international conference, to improve the economic situation in the area and to foster a positive atmosphere in the territories," Peres said.

An Israeli source in Paris said it appeared to him that France was slowly coming to the conclusion that the "right partner" in peace negotiations at this stage was Jordan's King Hussein, and not the PLO. "Every time we came to Paris," the source said, "we were asked by the French: What about the PLO? This time, the name [PLO] was not even mentioned."

Peres restated the three primary issues to be resolved before the meeting of a preparatory international peace conference on the Middle East: relations between Moscow and Jerusalem, particularly the Soviet authorities' attitude towards their Jewish population; the duration of the conference; and Palestinian representation. The minister stressed that the Palestinian question should be left for last, since it was the most difficult to solve and the most controversial.

Peres also found the French very concerned about the Iran-Iraq war. "They are convinced that we [Israel] are interested in the victory of Khomeini," Peres had explained to his hosts that Israel's choice was not

only between Iraq and Iran, but also between the Iran of today and the Iran of tomorrow.

On the East-West situation, Peres told the French leaders that he thought Soviet leader Mikhail Gorbachev was running out of time as he could not afford to wait three years for a new U.S. administration to come to power.

Toto prize at NIS 1.5m.

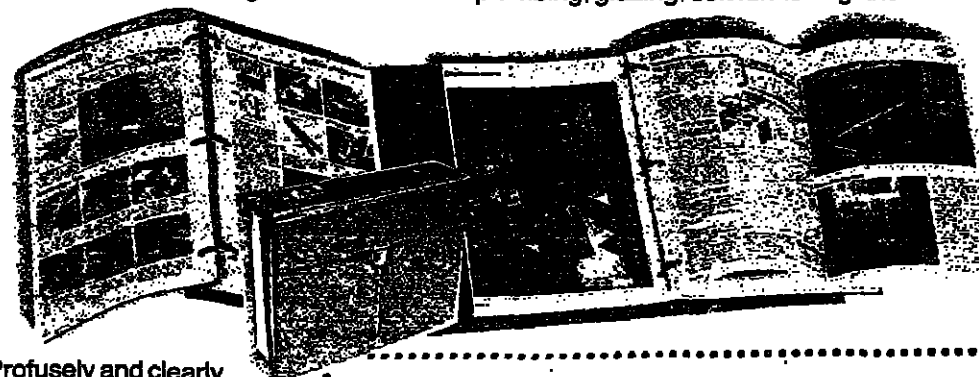
The first prize in this week's Sportoto football pool will be at least NIS 1.5 million, a record high, since no one forecast the correct outcome of all 14 games last week.

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Last date for submitting bids: February 26, 1987, (12 noon).
A bid not found in the tenders box when it is opened, whatever the reason, cannot be considered.
No undertaking is given to accept the highest or any bid.

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WEEKLY REVIEW

Fury in the Markets

U.S. Is Using The Dollar To Twist Some Arms

By LEONARD SILK

ON Friday, as the stock market roared upward by 64 points and then plunged by 115, one stockbroker said: "It's berserk. It's total confusion. No one knows what the heck is going on." The apparent chaos on Wall Street was closely linked to financial events around the world. In foreign exchange markets last week, the weak dollar plunged and the mighty yen climbed. And the Japanese Finance Minister flew.

The minister, Kiichi Miyazawa, in deep anxiety, made an emergency trip to Washington to ask Treasury Secretary James A. Baker 3d for help in keeping the yen from rising higher still. After talking for two and a half hours, with no articulate fly on the wall to report what they actually said, the two officials issued a four-paragraph statement, full of blandness and generality, apparently signifying nothing, which kicked off furious activity in financial markets and in chanceries and central banks around the world.

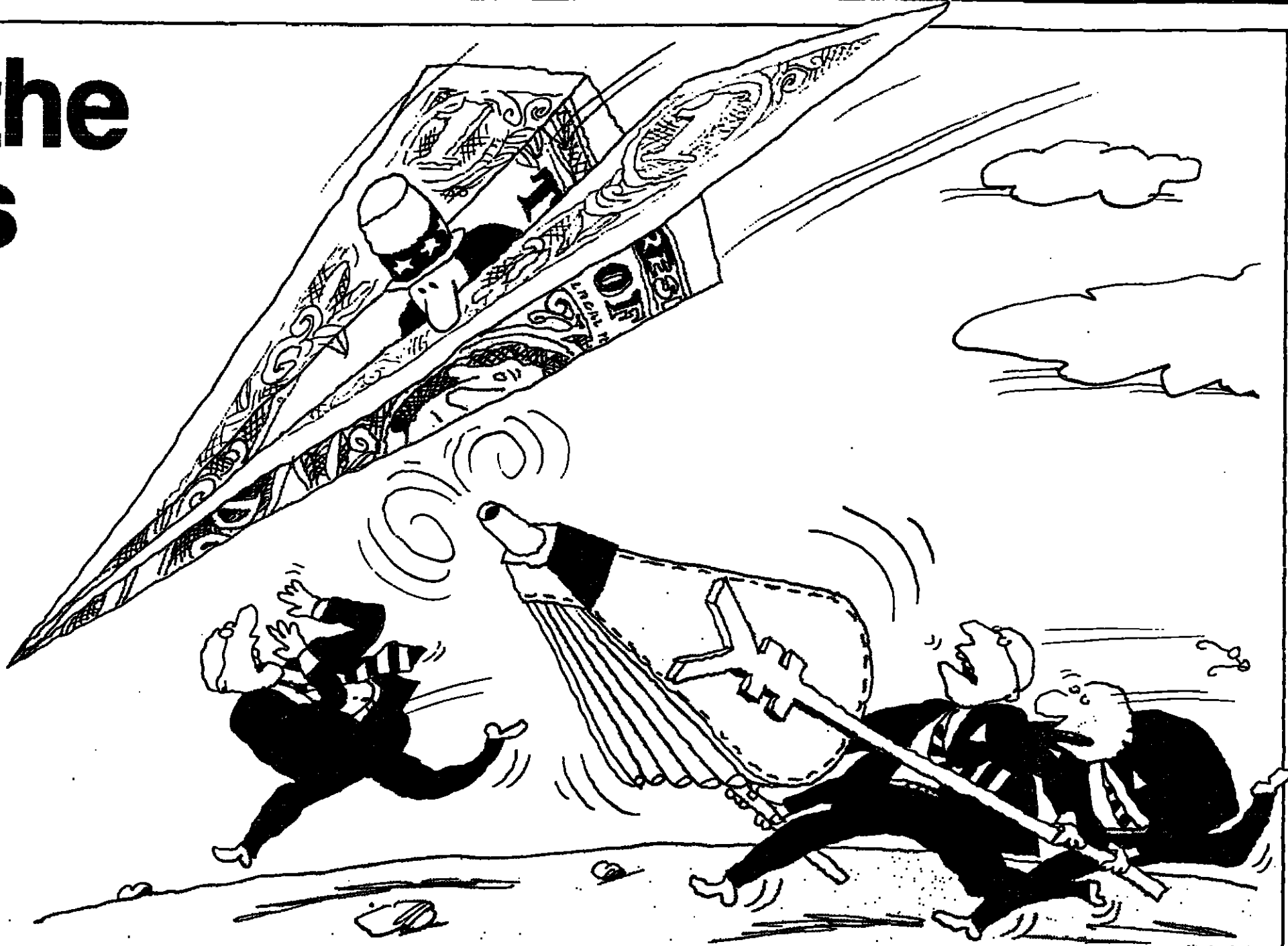
The Bundesbank, West Germany's central bank, cut two key interest rates by half a point each. The German Government had not wanted to do this before today's national election lest it appear to be bowing the knee to the United States Government, which has been pushing it to rev up its economy. But the Germans decided the bank had better quickly cut its rates to make the currency less attractive to the foreign investors who were pushing the mark higher.

The Bank of Japan was reportedly ready to cut its own discount rate, to hold back the rising yen. In Washington, the Federal Reserve was hesitant to lower its discount rate for fear of pitching the falling dollar into a free fall.

And Wall Street went crazy. On Thursday, after the Baker-Miyazawa statement was released, the Dow Jones industrial average climbed 51.60 points to a record 2,145.67; then came roller-coaster Friday, with the biggest volume of trading in history — over 300 million shares — to close at 2,101.52, a modest gain for the week of 24.89 points.

Amid all this commotion, the Government said the American economy had stagnated in the final quarter of 1986, with real output growing at a rate of just 1.7 percent. For the entire year, the economy grew at 2.5 percent, the slowest rate since the 1982 recession — largely as a result of a record trade deficit, now estimated at \$175 billion.

What did all the furious activity mean? Is this really a time for euphoria, as much of Wall Street believes, or a time for desperation, as much of American industry and agriculture fears?



A strong case can be made that the falling dollar and the roaring bull market are linked. Robert A. Mundell, a professor of economics at Columbia University, maintains that the way the world financial system works was radically changed by an agreement reached at the Plaza Hotel in New York on Sept. 22, 1985. Alarmed by protectionist proposals in Congress and by the world debt crisis, the Group of Five — the United States, Japan, West Germany, France and Britain — decided that the value of the dollar ought to be reduced against other currencies by coordinated interest rate changes.

By linking interest rate changes in one money center to those elsewhere, the Plaza agreement provided clues to turning points in bond or stock prices. "Thus, just after the Plaza meeting," says Mr. Mundell in a report for Polyconomics, an economic consulting firm, "it was easy to predict a stock market boom in New York, because of the engineered depreciation of the dollar."

Fuel for the Roaring Market

There was no way then to know how far the market might climb since no one could know how far the dollar would fall. Other factors, such as the fall and partial recovery of oil prices, also play roles. Nevertheless, it does appear that the fall in interest rates, part of the effort to bring down the dollar, helped lift the Dow industrials by more than 800 points since the Plaza agreement. The bull market has also been promoted, paradoxically, by the soft economy: Weak demand for loans helps keep interest rates down.

But the falling dollar has not cured the American trade deficit. It did alarm the Japanese and Germans,

who saw that even if they kept their share of foreign markets by holding their prices down in the face of rising currencies, their industries would lose profitability and their economies would suffer.

The dollar depreciation game cannot go on forever without posing a threat of inflation and rising interest rates; the anxious stock market knows this. The strategy needs to be replaced, in the view of both Mr. Baker and the Federal Reserve Chairman, Paul A. Volcker, with moves by other nations to grow faster and open their markets wider. That was Mr. Baker's goal in working out an agreement with Mr. Miyazawa last October — an agreement that the United States feels the Japanese did not honor.

Mr. Baker has pressed on, using the threat of further dollar depreciation to extract greater cooperation from Japan, West Germany and others. Last week that strategy appeared to be working, whether the other cooperators liked it or not.

The Baker strategy also seemed to be working to contain protectionist pressures in Congress, where the Democrats now control both House and Senate. Like President Reagan, legislators are working on proposals to stimulate American exports, under the banner of "competitiveness," rather than seeking to put up barriers against imports. Representative Charles E. Schumer of New York, a Democratic member of key budget and banking committees, said he and his colleagues "like Baker's happy brinkmanship," and hope it will "force the Germans and Japanese to do something constructive."

If the strategy continues to show results, it will ease the danger to the world economy — and help reassure Wall Street.

Fiscal Buzzword

com - pet - i - tive - ness *n.* the ability to attain desired result in a competitive situation, as in the ability of a business to offer prices, services or products that will attract customers

"I haven't found anyone who is four-square against competitiveness," said Senator John Chafee of Rhode Island, a Republican, last week. That may prove the understatement of the year. What Democratic Senator Bill Bradley of New Jersey recently called a "mush word" — what it means, he said, "is that we are waking up to the fact that we are part of an international economy" — has become a top buzzword. Like all buzzwords, its users find it comfortable because it provides a respectable cover, in this case for talking about trade and protectionism. But "competitiveness" may be a new order of buzzword because people on all sides of the issue use it. The term, coined by the Democrats a year or so ago, has been protectively adopted by the Republicans, and President Reagan is expected to feature it in his State of the Union Message Tuesday night.

In Summary

Iran

The Talks, Says Shultz, Kept Going

GEORGE P. SHULTZ, the Secretary of State, told members of the House Foreign Affairs Committee at a closed session last week that United States officials met with the Iranians in London, even as President Reagan was saying that the effort to establish a relationship with "moderates in Iran" had been "broken off."

According to members of the committee, Mr. Shultz said representatives of the State Department and Central Intelligence Agency were given an Iranian agenda that included requests for advanced American weapons, freeing 17 men jailed for terrorism in Kuwait and the release of four American hostages.

Mr. Shultz said he ordered contacts with the Iranians broken off. When the C.I.A.'s man persisted in meeting them, he complained to President Reagan.

An Administration official defended the C.I.A. contact, saying the Iranians had sent word they had a new message. Larry Speakes, the White House spokesman, commented last week that the Administration would "not negotiate for hostages," but would "go anywhere, anytime to talk about their safety and release." Mr. Shultz reportedly indicated to the congressmen that the contacts with Iran might still be going on if William J. Casey, the Director of Central Intelligence, had not been hospitalized with a brain tumor. Last week, there were reports that the White House was seeking a successor for Mr. Casey.



Secretary of State George P. Shultz with an aide before testifying at a closed Congressional hearing last week.

In other testimony last week before the Senate Budget Committee, Mr. Shultz added that the Iran affair had "highlighted" the argument that "it isn't a good idea to make trades for hostages."

Some senior White House officials said they were irritated with Mr. Shultz for trying to distance himself from the Iran-contra affair. But Mr. Speakes said Mr. Reagan "has the utmost confidence in Secretary Shultz." (Hostages in Lebanon, page 2; rethinking Central America policy, page 3)

The Philippines

'Maximum Tolerance' Is Put to the Test

LAST week's killing of 12 protesters by Government troops in the Philippines has raised the pressure on President Corason C. Aquino and put in jeopardy her policy of national reconciliation with her opponents.

In a rapid barrage that lasted only a little more than a minute, the forces guarding the presidential palace fired into a crowd of about 10,000 demonstrators Thursday after some marchers had pushed through a police line. About 100 people were wounded.

Many marchers were peasant farmers demanding changes in land policy. But the demonstration included leaders of other radical groups, and it appeared that the left wing was joining elements of the extreme right in an attempt to destabilize the Government at a crucial moment.

In eight days, the Philippines is to vote on a proposed constitution that would give the Government a legal basis and lay the framework for democratic rule.

"In the period before the plebiscite, attempts to destabilize the Government and defeat our democratic aims will intensify," Mrs. Aquino warned in a televised address hours after the violence. "We are prepared for this contingency. We shall have order throughout our land."

Gen. Fidel V. Ramos, the armed forces chief of staff, said his troops had "overreacted" to the situation, and the president ordered a review of military crowd-control procedures.

Earlier, the police said the marchers had fired shots and thrown rocks and bottles at the troops, who were crouched behind red shields shielded with Mrs. Aquino's policy toward protesters, "maximum tolerance."

This tolerance was now being put to the test as security forces braced for a bigger protest rally at the same spot tomorrow, even as they remained on alert because of rumors of a coup attempt by right-wing military officers.



Demonstrators felled by soldiers' bullets in Manila last week.

Some officers contend that Mrs. Aquino's leadership is ineffective, while her left wing opponents say it is increasingly repressive.

Communist negotiators, who had come out of hiding to participate in peace talks, returned underground, saying that their lives had been threatened.

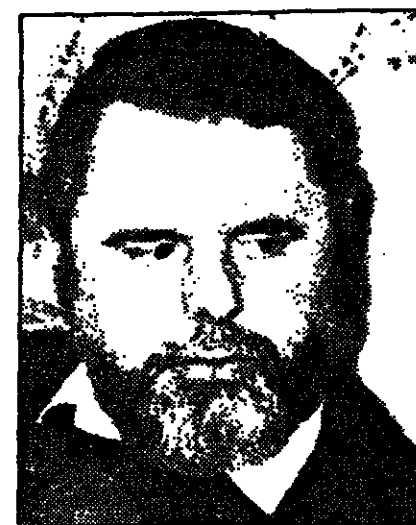
The day of the protest march, in what intelligence sources said may have been part of a

coordinated turn against the Aquino Government by the left wing, the talks were indefinitely suspended.

A 60-day cease-fire that expires Feb. 8 remained in effect. But the prospects for a resumption of talks and extension of the truce, the centerpiece of Mrs. Aquino's reconciliation policy, have severely dimmed.

SETH MYDANS

The World



Terry Waite in Beirut last week.

6 Hostages Are Taken In Lebanon

The latest events in Lebanon demonstrate how easily terrorists can confound national policy and international diplomacy.

When the week began, the American and West German Governments had worked out the extradition of an accused Lebanese terrorist to the United States. Mohammed Ali Hamadei, arrested in Frankfurt two weeks ago, was identified as one

of the hijackers of a Trans World Airlines plane in 1985.

Then two West German businessmen were kidnapped in West Beirut. While diplomats there tried to secure the hostages' release, officials in Bonn said there would now be no rush to deliver Mr. Hamadei, whose relatives are thought to be behind the abductions.

Then came reported attacks against Americans. Gunmen posing as policemen yesterday kidnapped four American professors from the campus of Beirut University, according to the police. The latest abductions came as Terry Waite, the Anglican intermediary, was in Lebanon trying to gain the release of two American hostages.

United States officials expected reprisals for the arrest of Mr. Hamadei. "It isn't only the Germans that have been threatened, but we have been threatened," Secretary of State George P. Shultz said Friday. "And we're not flinching."

Mr. Shultz said he had no reason to believe that West Germany would not go through with the extradition. The way was cleared last weekend after the Justice Department agreed not to seek the death penalty against the 22-year-old Mr. Hamadei, who is accused of killing an American Navy diver aboard the hijacked plane.

Another Attack on Ecuador's Leader

Only days after Ecuador got its President back from renegade air



President León Febres Cordero (left foreground) arriving in Quito, Ecuador, last week after he was briefly kidnapped by air force commandos.

force commandos, the National Congress tried last week to get rid of him. The majority of the legislators voted to ask León Febres Cordero to resign, arguing that his kidnapping would not have occurred if he had not blocked their amnesty of a rebellious general.

Mr. Febres Cordero and several officers were held for 12 hours Jan. 16 until the general was released from custody. Although the President promised no reprisals, the commando unit was disbanded last week, and the 150 members were shipped to a base near Quito, the capital, for "retraining."

The military establishment, however, is firmly on the President's side, and Mr. Febres Cordero, who was elected in 1984, confidently brushed aside the call for his resignation. Some opposition leaders said privately that their aim was not to oust the President, but only to damage him with a formal statement of

disapproval. They have accused him of behaving like a dictator and ignoring the Constitution. Mr. Febres Cordero says his detractors are endangering Ecuador's tenuous hold on democracy.

A Violent Reprisal In South Africa

Leaders of the United Democratic Front, the big anti-apartheid coalition in South Africa, have long accused Chief Mangosuthu Buthe, the Zulu leader, of cooperating with the white Government. Last week, the Front blamed the Chief's followers for an attack on the home of one of its prominent members in which seven children and five adults were killed.

The police said the assailants broke into the home in the black township of Kwa-Makhuta, 15 miles

from Durban, and opened fire with automatic weapons.

Chief Buthe, who heads KwaZulu, a state for blacks established by South Africa, said he was "shocked." But the Chief, who also has criticized apartheid, said two members of his Zulu movement, Inkatha, had been killed this year. "Inkatha members," he insisted, "have been involved only in self-defense

and retaliation," when attacked by "the U.D.F.-A.N.C. alliance," the Front and African National Congress, the black nationalist group.

Among those killed last week was Willie Ntuli, the father of Vincent Ntuli, a leader of the Kwa-Makhuta Youth League, an affiliate of the United Democratic Front. Vincent Ntuli was absent, in hiding. When he returned after the attack, journalists said, he was arrested.

The leader of the African National Congress, Oliver R. Tambo, is in the United States as part of his group's campaign to gain respectability among Western Governments. He is scheduled to meet with Secretary of State George P. Shultz this Wednesday, the highest-level meeting between a congress representative and the United States Government.

The State Department has stressed that the meeting does not represent approval of the group but rather a recognition that it is an important player in South Africa.

In another development last week, Alan Hendrickse, the leader of the largest party in the segregated chamber of Parliament for people of mixed race, apologized to President P. W. Botha.

Mr. Hendrickse said he meant no offense to Mr. Botha or the President's office when he led 30 followers in a protest swim Jan. 4 at a Port Elizabeth beach reserved for whites. Mr. Botha had warned that unless Mr. Hendrickse apologized or resigned he would dissolve Parliament.

Milt Freudenheim and Katherine Roberts

Verbatim: Winning Strategy

'I have been underestimated for decades. I've done very well that way.'

Helmut Kohl

West German Chancellor, discussing today's national election, which the coalition he leads is favored to win.

Voting With Their Feet

Economy Is Key as Irish Go To Polls

By JAMES F. CLARITY

DUBLIN On the day after he called for the dissolution of Parliament last week, and scheduled a national election, Prime Minister Garret FitzGerald, an economist by profession, said the election would be won and lost on economic issues. Did that not mean, asked a reporter, that Dr. FitzGerald would be running against his own record? He shook his head, as if in mild reproach of a student who hadn't grasped the subtleties of history.

"We've done the groundwork," he said, referring to the four years of coalition government his Fine Gael Party had just completed with the Labor Party, whose defection collapsed the coalition. "Now let's build the nation." He said that Fine Gael, which means Ancient Tribe of the Gaels, "is prepared to break the vicious circle of high spending, high taxation, high borrowing, high interest rates and thus high unemployment, to remove the obstacles to growth and employment and to take on the jungle of vested interests, which stand in Ireland's way. We are prepared to cut public spending and alone among the parties, we have said precisely how we propose to do it."

Dr. FitzGerald was during the main opposition party, Fianna Fail, which means Soldiers of Ancient Ireland, and its leader, former Prime Minister Charles J. Haughey, to come up with an alternate economic program before the election, which will be Feb. 17. Mr. Haughey's tactic has been silence, letting the public's dissatisfaction with the FitzGerald coalition simmer a bit. Mr. Haughey is favored in recent polls to win an absolute majority.

Another party, the Progressive Democrats, which hopes to win enough of the 166 seats in Parliament to be the broker for a new coalition, claims some of the credit for the economic program of Fine Gael. "It's not that they've stolen our clothes," said the Progressive Democrats' leader, Desmond O'Malley. "It's just that they've adopted our line."

None of the parties could deny the dismal state of Ireland's economy, which recorded virtually no growth last year. It is one of the most heavily taxed in Europe, with rates reaching 58 percent for a single person

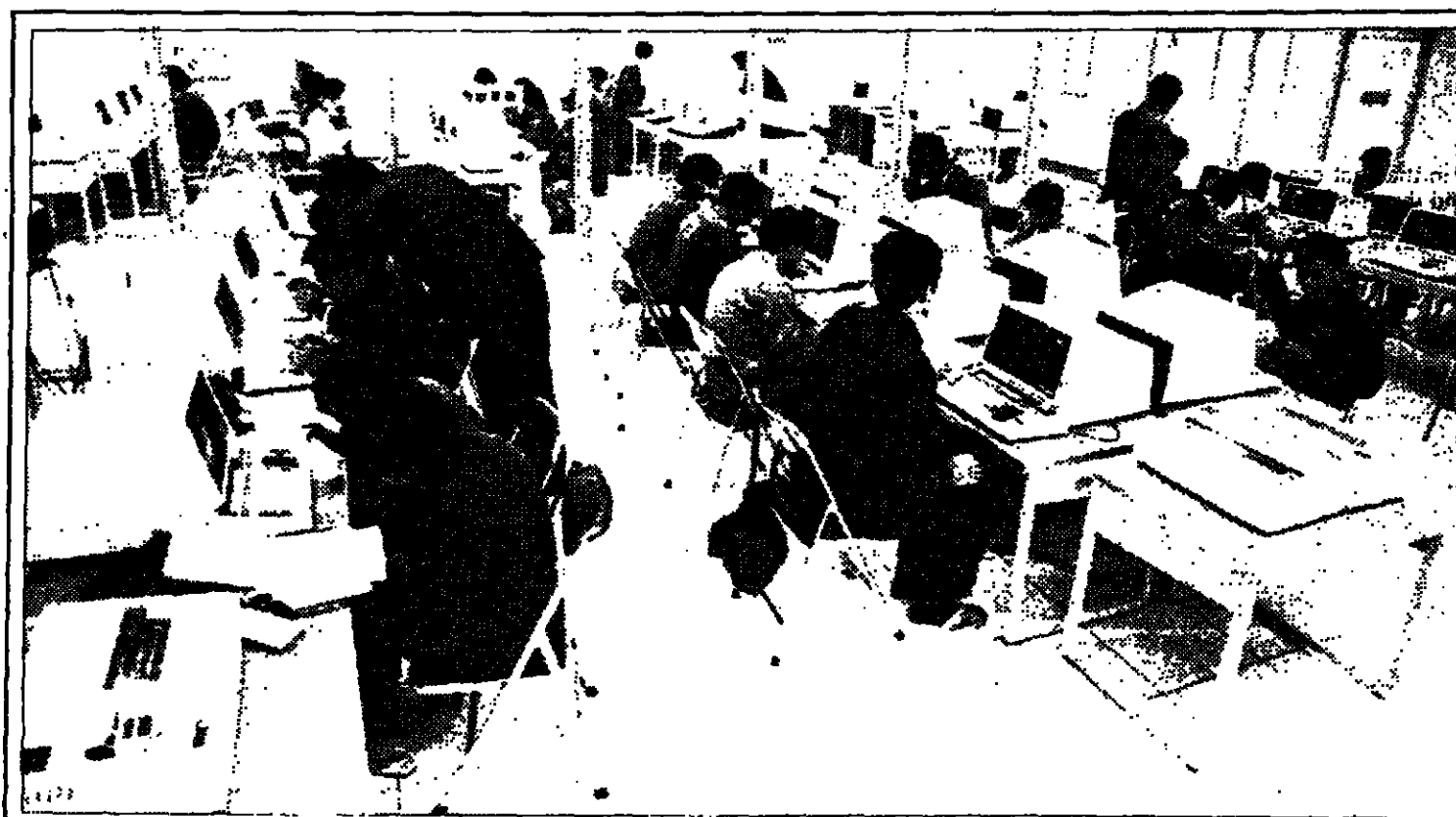
earning \$14,000 a year. High interest rates have cramped business investment. Income from tourism, a major earner, fell 10 percent, partly because of Americans' fears of international terrorism. Although the farming sector drew more than \$1 billion last year in subsidies from the European Community, agricultural income fell 8 percent. Thousands of farmers are quitting the land, with many joining the 250,000 unemployed, 19 percent of the labor force. Manufacturing employs only 200,000, a 10 percent drop in four years.

The Irish are leaving their country by the thousands each month, many for the United States and Canada. "Today is a sad day for this country," said Mr. O'Malley, referring to the number of applicants for 10,000 special immigrant visas under a new American law. "There were 85,000 applicants from Ireland. And half of them are from people who already have jobs."



Garret FitzGerald

An Interview With the 'Bourgeois Liberal' Fang Lizhi



Fang Lizhi, above; students at a computer hall at the Jiaotong Technical University in Xian, China.

Jean-Pierre Laffont (Jiaotong); Associated Press

'Scientific Morality' Meets Political Reality

FANG LIZHI was a symbol of the new China, a Princeton-trained astrophysicist who inspired students with calls for academic freedom and independent thinking. In early December, when

Mr. Fang, a vice president of the University of Science and Technology in Hefei, supported student demands for greater participation in elections, he was lionized as "China's Sakharov." But then came a wave of demonstrations by Chinese students. The Government reacted by blaming Mr. Fang, dismissing him from his post and last week expelling him from the Communist Party on charges of advocating "bourgeois liberalization," the code words for Westernization.

There were more ominous signs that the current crackdown in China might turn into a major purge. The National People's Congress, China's nominal legislature, abruptly dismissed the president and vice president of the Academy of Sciences. They had been elected in 1982 by senior scientists, a move hailed at the time as a harbinger of greater democracy. The Government last week also announced the creation of a powerful new agency to control newspapers and magazines.

Yesterday, Liu Binyan, a prominent reporter for the People's Daily who had criticized corruption, was expelled from the party.

No one expects a return to the violent repression of the Cultural Revolution in the 1960's. But Merle Goldman, a Boston University professor of Chinese history, suggested worrisome parallels to the Anti-Rightist Campaign of 1957, in which hundreds of thousands of intellectuals were shipped off to labor camps. The campaign followed Mao Zedong's call to "let a hundred flowers bloom," inviting criticism of the party.

This month's crackdown came after a similar invitation by Hu Yaobang, who was ousted as the party General Secretary nine days ago. Mr. Hu had been expected to succeed Deng Xiaoping. Moreover, the man who directed the 1950's campaign, Peng Zhen, is now head of the National People's Congress. "The problem in China is that once you start one of these campaigns, they are very hard to stop," Mr. Goldman said.

A number of new appointments are going to a group of officials who were trained in the Soviet Union in the 1950's before Mao's break with Moscow. Among them are the new head of the Academy of Sciences and Li Peng, the most likely candidate to take over from Zhao Ziyang as Prime Minister. Mr. Zhao replaced Mr. Hu as head of the party and it is considered unlikely that he can hold on to both posts.

In December, before he was ousted, Fang Lizhi gave an unusually candid interview to a Chinese reporter, expressing views that he said grew out of his scientific training and experience with Western thinkers. Following are excerpts from the interview, which was

reprinted in the Beijing Review, China's English-language weekly. In the first question, Mr. Fang was asked to discuss the role of scientists in modern society.

FOX BUTTERFIELD

Mr. Fang. Scientists must express their feelings about anything in society, especially if unreasonable, wrong and evil things emerge. If they do otherwise, they will be considered accomplices — those are Einstein's words. . . .

If you have an opportunity to attend an international physics conference, you will discover that although physics is discussed in the conference hall, outside — when you are drinking coffee, for example — the final topic you discuss will definitely be social problems, and the discussion will often be focused on the unreasonable aspects of the West or the East. I think this has become a tradition among physicists, and perhaps it can be traced back to Galileo and Copernicus. . . .

Question. Indeed, look at the dynamic role played by the physics department of Beijing University in modern China's ideological movement.

Mr. Fang. Since physicists pursue the unity, harmony and perfection of nature, how can they logically tolerate unreason, discordance and evil? Physicists' methods of pursuing truth make them extremely sensitive, while their courage in seeking it enables them to accomplish something.

Let us take a look at the events of the postwar years. Almost invariably, it was natural scientists who were the first to become conscious of the emergence of each social crisis. For instance, in the 1960's, they called the Government's attention to environmental pollution; in the 1970's, they pointed out the potential energy crises, in the 1980's, disarmament, of course.

A Broader Role

All this is not accidental. In the first place, science and technology in our modern society occupy a very important position. Major social problems are often unclear to those without a scientific background. In the second place, many natural scientists are aware that their role is by no means limited to technology alone, but that they should consider themselves responsible to the entire society.

The problem of scientific morality is often discussed among natural scientists. In our country, scientific morality refers only to plagiarism in the academic field. This, in fact, is quite a narrow concept. The sort of scientific morality being discussed elsewhere is that when you have knowledge you should hold yourself responsible to mankind. This includes keeping alert to possible crises and giving warnings.

Q. . . . Can it be said that intellectuals no longer be-

long to or depend on any particular class?

A. Marx classified people into different groups according to the means of production they owned. In my view, this was tenable in the last century and the beginning of this.

Who Should Lead

However, in modern society the development of science and technology, knowledge and information, including high-tech and soft science, have become an important force propelling society forward, and are bound to involve a change in the concept of who leads in the political and economic fields. Intellectuals, who own and create information and knowledge, are the most dynamic component of the productive forces.

Q. . . . What characteristics should the advanced class have?

A. The current buzzword is intellectual ideology. Generally speaking, people who have internalized the elements of civilization and possess knowledge, have hearts which are relatively noble, their mode of thought is invariably scientific, and they therefore have a high sense of social responsibility or even self-sacrifice. They also have grievances and may be discontent. Their point of departure is not their personal interests, but social progress. Of course, this is directly related to education, to training.

Chinese educational methods have so far remained closed and not modern; they give not education but only training. If people with knowledge are needed only for technical progress, and if intellectuals are not expected to have original ideas and contributions to make in other fields, including social and political fields, then education will remain a master-apprentice affair. Einstein said that the aim of education is to develop people with a harmonious character, capable of engaging in independent thinking.

Q. As a professor and vice president of a university, what do you think about how higher education should change?

A. Today, where knowledge and information occupy an important place, a university plays a multifaceted role. It is both an ideological storehouse and an interface for various branches of learning, for different schools of thought, for domestic and international affairs for research and teaching and for old and new.

The emergence and development of new theories necessitate creating an atmosphere of democracy and freedom in the university: an atmosphere promoting the cultivation of intellectual ideology. In the university environment, there should be nothing that can only be upheld and that allows no questioning of why it must be upheld. There should be no doctrine that can hold a leading or guiding position in an *a priori* way.

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Battle for Basra: Casualties in the Tens of Thousands

U.S. Experts Still Puzzled About Future Of Gulf War

By BERNARD E. TRAINOR

WITH carnage reminiscent of the trench warfare during World War I, the battle for the Iranian port city of Basra, at the head of the Persian Gulf, is about to go into its second month. Both Iraq and Iran made what seemed to be exaggerated reports of enemy casualties last week, with Baghdad citing 100,000 Iranian casualties and Tehran saying 30,000 Iraqis had been killed or wounded. United States Defense Intelligence Agency estimates were lower but still dramatic: 50,000 casualties for Iran and 10,000 to 20,000 for Iraq.

Last week, President Reagan condemned Iran's seizure of Iraqi territory and called the war a threat to "American strategic interests."

Iran's plans and the likely outcome of the battle remained a puzzle to American intelligence authorities. Iran has long promised a "final offensive" by late March but now says it has not begun. Some analysts say the Iranians may be content, for now, to hold the ground they have captured. They have made small gains south of Basra near Fish Lake, which runs perpendicular to the strategic Shatt al-Arab waterway connecting Basra with the Persian Gulf. They have also gained footholds on some islands in the Shatt but have not been able to cross it. Iraqi counterattacks, including one using elite Presidential Guards, have failed. Baghdad apparently was forced to concede Iran's gains and try to use its superior artillery and airpower to bar further advances. Military experts doubt that Iran can capture Basra but say that constant shelling can insure that the town remains uninhabitable.

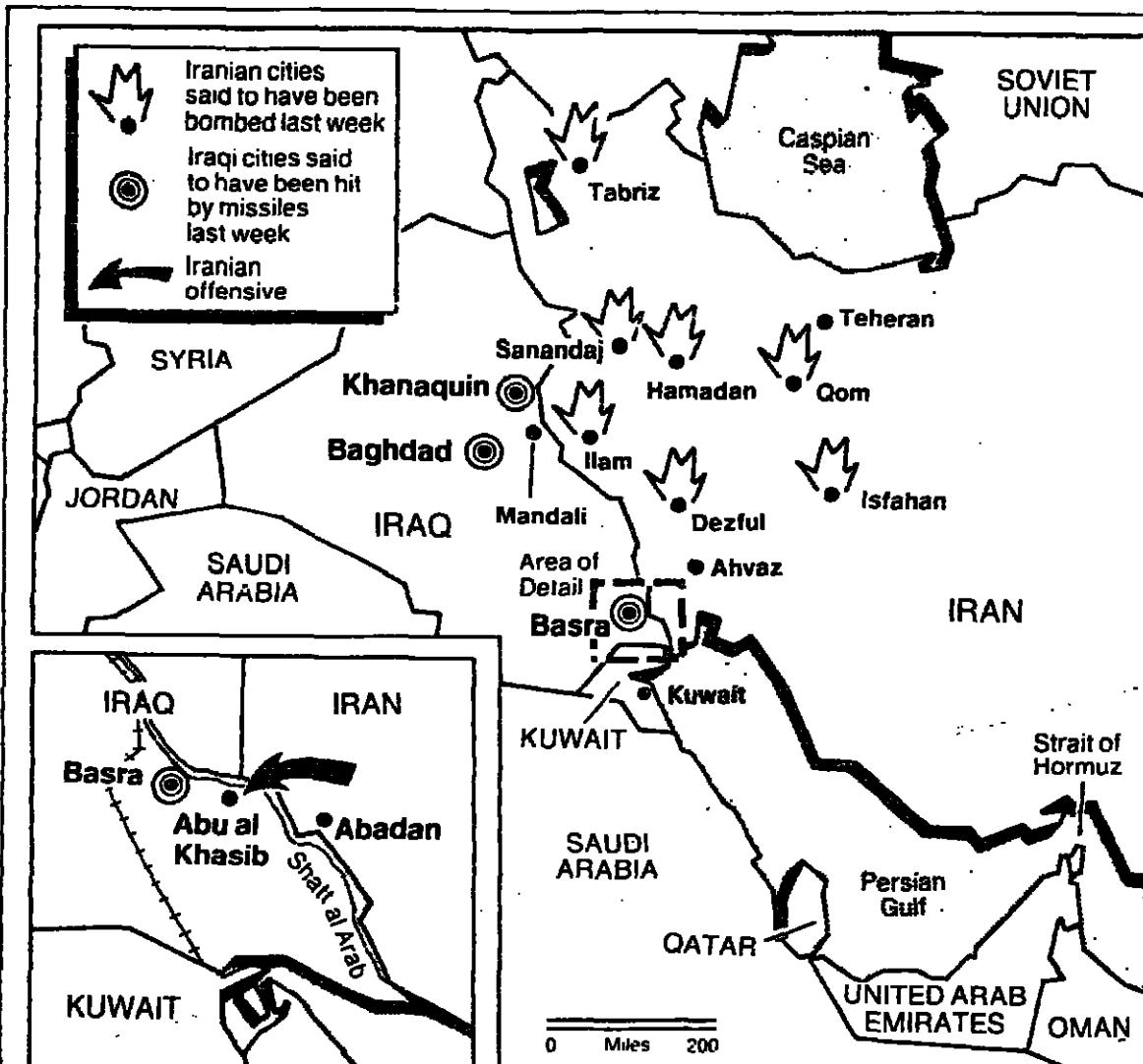
Role of Revolutionary Guards

The State Department publicly played down Iran's latest gains and implied that the battle was about over. But military intelligence sources said the lull may be a breather while the Iranians are resupplied and reinforced. Of the estimated 200,000 Iranians available, they said, only about 60,000 have been fighting. The degree to which munitions and equipment are available to sustain Iran's attacks is not precisely known. But its main problem, military sources say, has not been availability so much as logistics, getting supplies to the front line. American intelligence analysts, who are watching the situation closely, noted that the Iranians were successful last week in moving men and supplies at night, despite fierce Iraqi artillery and air attacks.

But Iran has also had difficulty in the past controlling and coordinating its units, and this has been attributed to lack of communications and professional competence. Iraq has indicated that the recent fighting has involved only units of the Iranian Revolutionary Guards, who, American sources say, are emerging as Iran's new army. The regulars held over from the Shah's time are increasingly relegated to static defensive duty. The Revolutionary Guards reportedly have taken on the organization and trappings of a conventional army. They are showing increased military sophistication, leading American analysts to believe they may now be able to overcome logistic and control problems and sustain their attacks.

Analysts note that Iraq has reinforced its southern front with forces from regions as far north as Mandali, along the border east of Baghdad. The Basra attack, they say, may be a diversion, and the main Iranian attack may be launched farther north. Intelligence sources say Iran has substantial forces in the Ahvaz-Dezful area, north of Basra, and near Mandali, where clashes have already occurred.

While the fighting raged around Basra last week, both sides launched air attacks and used Soviet-made



Iranian front line troops boarding a helicopter during offensive against Iraq.

"Scud" surface-to-surface missiles. Iraq reportedly launched 14 Scuds, and the Iranians hit Baghdad with six of them. Exploiting its superiority in the air, Iraq bombed Iranian cities, including Tehran and the holy city of Qum. Iran said more than 1,700 civilians have been killed and 6,000 wounded in 29 cities.

There were also new maritime developments last week. Iranians launched Italian-made "Sea Killer" missiles at night from warships near the Strait of Hormuz, at the entrance to the Persian Gulf — attacking neutral shipping doing business with Kuwait, a major transshipment point for war materials bound for Iraq. Three oil tankers were damaged in the territorial waters of Oman and the United Arab Emirates. And the Soviet Union sent a Krivak-class frigate into the Gulf for the first time, escorting four Soviet mer-

chant ships reportedly carrying arms for Iraq.

The intensity of the fighting has strained both sides, yet both boast of high morale and unflinching determination. The claims are difficult to assess because neither country has let outsiders watch the battles. Iraq has a smaller population to draw upon for military service. Its army includes a large number of Shiite Moslems, who might be sympathetic to Iran's fundamentalist revolution. Consequently, Iraq has always been reluctant to risk heavy casualties by counterattacking on the ground.

Iraq's ability to withstand losses may determine the outcome. Experts do not discount the possibility that Iraq's military leaders may decide one day that their President, Saddam Hussein, is the main obstacle to ending the war and look for a way to remove him.

Despite Major Gains

In Central America, Ills Still Resist Simple Cures

By JAMES LEMOYNE

PRESIDENT REAGAN has repeatedly declared that Central America is one of the preoccupations of his Administration. In fact, Frank C. Carlucci, his new national security adviser, last week called the region "one of the more challenging, if not the most challenging, issue that we will have to deal with in the next two years."

But in the wake of the diversion of money from the secret Iran arms sale to the Nicaraguan rebels, criticism is rising in Washington and Central America that the supposedly crucial policy has been mishandled. It is not that the critics, who include former and current United States diplomats, Central American officials and Congressional analysts, think that the Democrats have an effective alternative policy. Congressmen and their assistants have trooped through Central America in the last six years, but, Capitol Hill aides say, long-term, bipartisan thinking is in short supply. "The best people have avoided Central America like the plague," said a Senate staff member who has worked on Administration legislation. "They're afraid they'll be dead meat when the Administration or the situation changes."

After more than \$4 billion of assistance and six years of effort, Mr. Reagan can point to significant gains. For the first time in this century, civilian leaders have been freely elected in Guatemala, El Salvador, Honduras and Costa Rica. Marxist-led rebels have been thwarted in El Salvador, and human rights abuses have declined. "This constellation of civilian leaders is unprecedented," said Elliott Abrams, the Assistant Secretary of State who oversees Central America. "They are honest and competent political leaders, chosen in democratic elections, and they're going to make it if we help them."

But, despite such gains, the region's problems defy easy cures. The war goes on in El Salvador where the Government is dependent on nearly half a billion dollars in annual American aid. Costa Rica is mired in debt, and Guatemala and Honduras have only begun to face their deep-seated ills. "I think we will be heavily involved down here until at least the end of the century, and we need to start thinking about that," said an American official in Honduras. Nicaragua, meanwhile, is an increasingly militarized one-party state. Attacks by the guerrillas, or contras, are expected to escalate, despite continuing rifts between two rebel leaders, Arturo José Cruz and Adolfo Calero. Mr. Reagan is expected to unveil a new plan to help the contras in his State of the Union address Tuesday, but Democrats are divided over whether to block money for the rebels, who reportedly received about \$10 million from the Iran arms sale.

Habib's Role

Many analysts believe President Reagan has successfully argued that Central America is vital to the United States. But they contend that able members of Washington's bureaucracy have not been sufficiently engaged in solving the region's problems. Philip C. Habib was appointed as special envoy with much fanfare, but seemed until recently to have disappeared. Some officials had feared that Mr. Habib would follow in the tracks of Thomas O. Enders and Langhorne A. Motley, Assistant Secretaries of State who appeared to be overruled by White House insiders until they gave up and left.

Instead, Democrats say, William J. Casey, the Director of Central Intelligence, and Lieut. Col. Oliver L. North, were permitted to use a network of right-wing groups and White House loyalists to run a policy that some diplomats, including American ambassadors, believe runs the risk of ending in a war between the United States and Nicaragua. "The top people are not involved and the various departments of the bureaucracy have not coordinated," an American military expert said. "The Pentagon, C.I.A., White House and State Department all have different views of what is going on in Central America, but no one is making a serious, long-term analysis that all can agree upon for the future."

Democrats say they are alarmed by disclosures of how the Administration assisted the contras in apparent violation of Congressional restrictions. In El Salvador it appears that the United States Embassy went behind President José Napoleón Duarte's back and made a deal with the country's military to fly supplies to the contras. The Ambassador to Costa Rica, Lewis A. Tambis, recently quit after Costa Rican officials said he secretly aided the contras. John Ferch, the Ambassador to Honduras who was fired last year for uncertain reasons, said the Administration lied about an emergency aid request that it said it received from Honduras last March. He said the White House prevailed on Honduras to seek the help in an attempt to depict Nicaragua as an aggressor.

Many scholars and political analysts argue that a measure of arrogance and ignorance has characterized more than a century of United States dealings with Central America. But some Washington and Central American officials say that missteps now can seriously diminish the standing of the United States, damaging regional allies and impeding the solutions the Administration says it wants to provide to societies in crisis.



American soldiers 17 miles from the Nicaraguan border during military exercises in Honduras this month.

A Voice From Bogota

Who Created the Drug Trafficking Monster?

By DANIEL SAMPER

THE television series "Miami Vice" might appropriately symbolize the conflicting views of Americans and Colombians about narcotics traffic. For many Americans, "Miami Vice" confirms their perception of Colombia as a violent, sordid and corrupt nation. But for many Colombians, who also used to view the series, it is the drug-consuming culture of the United States that creates the monsters of greed and violence depicted on the show.

During the marijuana boom in the 1970's, many Americans thought Colombia was victimizing the United States by being "soft" on marijuana exporters. Some even spoke of American users as hostages of Colombian crime. But in Colombia, the perception was that the United States was hostage to its own proclivity for drugs. And that, some influential people here thought, was none of our business. If Americans wanted marijuana, the reasoning went, why should we jail poor peasants who prefer to earn five times more growing Santa Marta gold than they would planting corn?

By 1980, the marijuana boom was over and many traffickers — admittedly, most of them Colombians — switched to the riskier, bloodier and infinitely more lucrative cocaine trade. Colombia itself is not an important grower of the coca leaf, concentrating instead on refining coca paste and base from Peru and Bolivia and, above all, financing the entire racket.

As the wealth of the major traffickers multiplied into the hundreds of millions of dollars, violent crime increased alarmingly here. At the same time, some overconfident and impatient drug bosses decided to go public. They gave interviews, started newspapers, bought professional soccer teams and contributed to political campaigns. One was even elected to Congress.

There was one shadow: the 1979 United States-Colombia extradition treaty, under which Colombian traf-



Coca leaves being picked in Colombia.

fickers could be tried in the United States. The "extraditables," as they nicknamed themselves, have had considerable success with a propaganda campaign against the treaty, arguing that Colombia was surrendering its sovereignty. In 1982, the new Government of President Belisario Betancur had philosophical objections to sending Colombians for trial abroad.

The assassination in April 1984 of Rodrigo Lara Bonilla, a young Justice Minister who had crusaded against drugs, marked a turning point. The Betancur Government was obliged to clamp down on organized drug traffic, and the first "extraditables" were sent to the United States. The most infamous traffickers went underground, yet they were clearly not intimidated. Instead of trying to corrupt Congress, where laws are made, they set out to terrorize the judiciary, where the laws are enforced. The murders of five judges and one Supreme Court justice have been attributed to traffickers.

Shooting in Hungary

Recently, it has been the turn of the press, which had been denouncing the traffickers. The assistant editor of El Occidente in Cali and the editor in chief of the prestigious Bogotá daily El Espectador were murdered last year, apparently on orders of drug bosses. Even leaving

the country did not provide safety. Enrique Parejo González, who succeeded Mr. Lara Bonilla as Justice Minister and also took a tough line on drugs, was shot and wounded by an emissary of the drug traffickers Jan. 13 in Tumburg, where he had become Colombia's ambassador.

The impact of the drug-related crimes upon Colombia's democratic institutions can only be compared to the corruption that "hot money" has brought. As a former judge said: "If you are offered either three million pesos (\$15,000) in your pocket if you say no or three bullets in your head if you say yes, which do you choose?" Criminal threats and money have exposed the weaknesses of one of Latin America's most stable democracies.

Last month, the Supreme Court even raised a technical challenge to the validity of the extradition treaty, though it indicated that the new President, Virgilio Barco, could "save" the agreement by signing implementing legislation. He did so. Yet the message that went out to many Colombians was that their Supreme Court no longer wanted responsibility for upholding the treaty.

The Court was not alone in having second thoughts. The President of the Council of State, a high court that watches over Government actions, said he favors legalizing commerce in narcotics. The Government quickly criticized him, but other political figures, including a former Justice Minister and a former Attorney General, have made similar proposals. Some Congressmen have urged the Government to denounce the extradition treaty, while the Government itself favors reforming it. Paradoxically, the main obstacle to such moves are the criminals themselves. The drug chiefs' violence has left little room for reform or even philosophical debate.

Yet if the smell of gunpowder vanishes, a new attitude may prevail. Already, it is considered morally and intellectually acceptable to suggest that Colombia is paying too high a price in the fight against what is considered an American vice. Not a few Colombians feel that the war against narcotics is undermining institutions, killing respectable public figures and, by disrupting society, perhaps even paving the way for the establishment of an authoritarian regime. Although they are horrified by drug-related crimes, growing numbers of Colombians feel it is their country that has become the hostage — of the powerful and rich American market for drugs.

Daniel Samper is an investigative reporter and columnist for the Bogotá daily El Tiempo.

The Nation

New Rules Mean Job-Hunters Need Proof of Identity

A 1982 proposal to catch illegal aliens by giving American workers "counterfeit-proof" identity cards was hooted off the boards as a threat to individual liberty. Under rules proposed last week by the Immigration and Naturalization Service for the administration of the landmark immigration law enacted last year, passports, driver's licenses, Social Security cards or birth certificates will have to serve instead.

Starting June 1, all job applicants will be required to show such documents to prospective employers. Employers will be required to insure that the papers "appear on their face to be genuine." The applicant will also have to fill out biographical details on a Government form and sign an avowal that he is a citizen or a legal alien. Employers, who will be required to have a new employee's form on file within 24 hours, may also have to fill out the forms for anyone hired since Nov. 6, when President Reagan signed the bill.

The immigration service also drafted rules for another provision of the law, an amnesty for some illegal aliens. Here, too, documents will be crucial. The applicant must prove that residence in the United States since before Jan. 1, 1982. Proof can come in the form of rent receipts, pay stubs, school records or a multitude of other dated records.

New Powers in Foreign Affairs

The House Democrats fiercely argued personalities; the Senate Republicans calmly debated precedence. In the end, both reversed earlier votes. The Democrats returned a chastened moderate, Representative Les Aspin of Wisconsin, to the chairmanship of the House Armed Services Committee; the Republicans turned to a combative conservative, Senator Jesse Helms of North Carolina, as ranking minority member of the Senate Foreign Relations Committee.

Mr. Helms thus becomes the Republicans' principal foreign policy spokesman on Capitol Hill, even though members of the committee had voted unanimously for the panel's former chairman, Senator Richard G. Lugar of Indiana, a centrist known for his ability to fashion bipartisan compromises. Mr. Helms, who has served in the Senate four years longer than Mr. Lugar, said seniority should be the only issue considered. But conservatives' arguments that he would be more effective in defending their gains of the last six years in a chamber newly controlled by Democrats also weighed in the 24 to 17 vote.

On the House side, issues of ideology and seniority also counted. But tone seemed to matter at least as much. A preliminary vote against Mr. Aspin three weeks ago came because proponents of the seniority system resented his campaign against the incumbent chairman two years ago, conservatives found him liberal and liberals felt betrayed by his support for a compromise on the MX missile, among other things.

Conducting a campaign of contrition, Mr. Aspin assured his colleagues that he would pay more attention to their views. His supporters' portrayal of the stands of his principal opponent, Representative Marvin Leath of Texas — from

whom he had wrested the chair two years ago — as right of the Democratic mainstream also helped turn it round. Re-election came 113 to 116.

New Orleans Put On the 1988 Map

In a Presidential campaign's early going, much of the news involves those hardy quadrennials of Des Moines, Manchester, Concord. The earliest voting is in Iowa and New Hampshire, and the Presidential hopefuls slog into their snows at least a year ahead of time.

Last week, a more southerly city made headlines too, as the Republican National Committee chose New Orleans as the site of its 1988 convention. The party insisted on a contract giving it unlimited access to the Louisiana Superdome for six weeks before its convention opens Aug. 15. The Democrats, forced out, are to choose Feb. 10 among Houston, Atlanta and Kansas City, Mo., for their July convention.

Back in Iowa, Republican Senator Bob Dole was promising supporters that his political organization there "would knock your socks off." In New Hampshire were Democratic hopeful Gary Hart, maintaining that new tax revenue would be needed to erase the budget deficit, and Representative Jack F. Kemp, telling Republicans that "there's no limit to what free men, free women, free markets, free enterprise and a free society can accomplish."

Mr. Kemp, for one, got some good news: Patrick J. Buchanan, President Reagan's pugnacious conservative communications director, said he would not seek the nomination because it would "mortally wound" Mr. Kemp's campaign.

Congress Returns To Old Business

Hesitating only long enough to avoid forcing an unseemly veto confrontation before President Reagan goes to Capitol Hill to deliver his State of the Union message, the Senate last week sent him an eight-year extension of the Clean Water Act, a measure he rejected in November.

Agreement on the bill was reached, after a two-year delay, in the closing days of the 99th Congress. Environmental activists saw the votes as an affirmation of national interest in cleaning up the country's waters. Then as now, however, interest in the measure was greatly spurred by its \$18 billion for sewage treatment facilities and \$2 billion for waterway cleanup. Both will provide jobs and stimulate local economies.

Last year, the money was the sticking point with Mr. Reagan, who wanted only a third as much. This year, money may not be as important as the political implications of a veto override. The House adopted the bill 406 to 6 three weeks ago; the Senate vote last week was 93 to 6.

It may be a while before the White House need weigh such factors in relation to a \$91.6 billion bill for highways and mass transit. The lack of a compromise on changing the national speed limit meant that new money for highway and mass transit projects ran out Oct. 1. The House voted the measure again last week. So did a Senate committee. But the Representatives' bill retains the 55-mile-an-hour limit; Western senators say they will add to their chambers' version an increase to 65 miles an hour in rural areas.

Caroline Rand Herron
and Martha A. Miles

In Brief

Resignation Over Affirmative Action

Joseph N. Cooper, one of the highest ranking black officials in the Reagan Administration until he resigned nine days ago, went public with his protest last week. "Vocal dissenters" among his colleagues not only give no more than "lip service" to affirmative action, he said, but also "promote the idea that goals and timetables are quotas and that reverse discrimination is a reality."

His remarks were of particular interest because he had been for the

last 17 months the official responsible for the office in the Labor Department that enforces a Presidential order requiring that companies holding Federal contracts have affirmative action programs. Secretary of Labor Bill Brock has been fighting a Justice Department recommendation that numerical hiring goals be eliminated. Until Mr. Cooper's speech, disagreement on the question within the Labor Department had not been known.

convicted of bribery last month in connection with a \$4.6 million contract awarded without bidding to a small computer concern. The state attorney general had ruled Wednesday that he would lose his job after being sentenced Friday; he faced up to 55 years in prison. At his Thursday press conference, his resignation was expected. Instead, he protested his innocence, criticized the prosecution, put a .375 Magnum in his mouth and pulled the trigger.

Conservatives Have Long Wish Lists, Faint Hopes



The Last Two Years of The 'Reagan Revolution'

By E. J. DIONNE Jr.

WASHINGTON CONSERVATIVES with a historical bent store among their nightmares the fading of Franklin D. Roosevelt's New Deal after the Democrats' huge majorities in Congress were cut sharply in a Republican surge in 1938 and the President became preoccupied by foreign policy. As Ronald Reagan prepares for his State of the Union address this week, they have a similar worry about the "Reagan Revolution."

With bold new ideas, which were supposed to be the conservatives' stock in trade, increasingly scarce in the public discourse, the conservative agenda for the final two years of the Reagan Presidency has come down to a holding action, the politics of the bunker: Make sure that taxes are not raised, that the defense buildup continues and that the Iran affair does not get in the way of aid for the Nicaraguan rebels.

What if conservative thinkers could write Mr. Reagan's State of the Union Message? Among activists on the right, deployment of the Strategic Defense Initiative, the antimissile

space shield, has become a top priority as an answer to arms control that does not rely on agreements with the Soviet Union. They would have Mr. Reagan deploy the system now because they fear the next President will not do so.

In domestic policy, Representative Jack F. Kemp, the upstate New York Republican who wants to be President, has several favorite ideas. In one, citing the experience of a program enacted by the Conservative Government in Britain, he proposes that public housing tenants be allowed to buy their homes from the Government at prices they could afford.

Saving in the Long Run

Another Republican Presidential candidate, Pierre S. Du Pont 4th, the former Governor of Delaware, has proposed requiring all welfare recipients to work for 90 percent of the minimum wage. That would ultimately increase payments to the poor in many states where welfare payments are low, but Mr. Du Pont says it could save money in the long run. He also wants the Government to guarantee private loans to students or to workers who want to retrain for new jobs, and to abolish farm subsidy programs.

The most difficult issue facing those looking

for savings in the Federal budget is Social Security. Mr. Kemp once said that Republicans who propose major changes in Social Security are candidates for a "prefrontal lobotomy." But both Mr. DuPont and Representative Newt Gingrich, a Georgia Republican, have come forward with plans to do just that.

Mr. DuPont suggests allowing workers to decide year by year whether they want to use the money they pay in Social Security taxes for their own "financial security accounts" or participate in the Social Security system. Mr. Gingrich would abolish the Social Security tax and require all workers under 40 to set up individual Retirement Accounts. He also proposes a value-added tax, with the proceeds used to provide benefits for those now retired and insure that no future retiree falls below the poverty level.

Analysts at the Heritage Foundation in Washington have put forward a long list of ideas, ranging from abolishing the 55-mile-an-hour speed limit to getting rid of sugar import quotas. Other Heritage ideas include ending Federal assistance to relatively wealthy states and consolidating 300 grant-in-aid programs into a single "fiscal equity grant."

Among those especially disappointed by the Reagan Administration are libertarians, who fervently oppose of almost all Government activities. Doug Bandow, a former special assistant to the President who is now at the Cato Institute in Washington, recently listed a series of radical actions Mr. Reagan could take without Congressional approval, to trim the size of Government.

They included ending draft registration, abolishing the Agency of International Development, easing visa restrictions on controversial foreigners, rescinding the rule requiring that airbags be installed in all cars by 1990 and ending all "voluntary" restraints under which foreign governments agree to limit their sales to the United States.

Many of these ideas are anathema to traditional conservatives, and few have any chance of enactment. But then, neither do many of the more traditional conservative proposals. These days, many Republican leaders are wary of any program that smacks of "inflexible ideology," as Frank J. Fahrenkopf Jr., the party's national chairman, characterized it last week. "Let me put it to you in a nutshell," Mr. Fahrenkopf told a meeting of the Republican National Committee. "The Republican Party does not need solutions to problems bound by hard-nosed approaches with little or no concern for people or politics."

The very length of the unfulfilled wish lists suggests that the Reagan Revolution has accomplished far less than conservatives had hoped and liberals had feared. In brighter days, the challenge of the final years was to institutionalize the Reagan agenda. As Edwin J. Feulner Jr., president of the Heritage Foundation, warned in 1985, if that fails, "it is unlikely that the Reagan era will prove to be the historic change in the direction of America that we have sought."

New Navajo Leader, for One, Pins Hopes on Capitalism

Zoning the Reservations for Enterprise

By THOMAS J. KNUDSON

WINDOW ROCK, ARIZ. WITH its red rock canyons and cliffs, dirt roads, sagebrush, cacti, goats, sheep and rattlesnakes, the Navajo Indian Reservation hardly seems a likely place for a business renaissance. But that is what Peter MacDonald Sr., the newly inaugurated chairman of the Navajo nation, hopes to accomplish in the next few years.

"We've got to go out to industry and make the reservation a haven for opportunity and private investment," Mr. MacDonald said in an interview in Gallup, N.M.

The idea is popular in the Reagan Administration, which sees it as a potential solution to the chronic poverty of nearly all the tribes. Last month, an Interior Department task force suggested that Congress pass legislation creating "Indian enterprise zones" in which entrepreneurs could reap special benefits, including accelerated depreciation allowances and an exemption from corporate income taxes.

Critics, including some Indians, have expressed concern that, if capitalism swept through reservations, native cultures and traditions might be compromised as Indians could again be shown changed in their dealings with whites.

Others wonder how many reservations have the expertise, facilities, infrastructure and labor force that businesses want.

"Economic development in Indian country is a complex problem, and there are no simple solutions," said Dean Saugee, a lawyer with the National Congress of American Indians, the oldest and largest national Indian organization. "Enterprise zones may work in some areas, but certainly not everywhere."

All sides can agree, however, that there is an overwhelming need for economic development. According to the task force report, living conditions for the 340,000 Indians on reservations are poor and getting worse, in part because of cuts in Federal aid programs and slumping oil prices.

The Navajo Reservation is the nation's largest, in both size and population — more than 105,000 counted in the 1980 Census, and substantially more today. Forty percent of the adults are unemployed. Forty-nine percent of the households have a standard of living below the poverty level, against 12 percent nationwide. Thousands of families live without electricity or running water.

"This is wrong, wrong, wrong," Mr. MacDonald said in his inaugural address Jan. 13 at the Window Rock Fairgrounds. "It may be 1987 across America, but on this reservation we still live with housing and health-care standards from

Hard times on the reservation

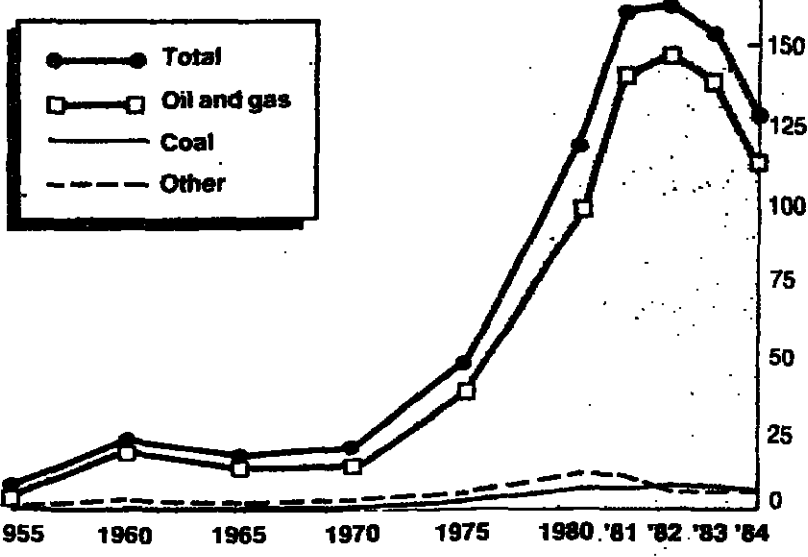
Unemployment on selected Indian reservations

(1985 estimates)

Reservation	Tribe	Location	Percent unemployed
Rosebud	Sioux	South Dakota	82%
Crow	Crow	Montana	56
Pine Ridge	Sioux	South Dakota	53
Mescalero	Mescalero Apache	New Mexico	41
Navajo	Navajo	Arizona, New Mexico	40
Cherokee	Cherokee	North Carolina, Oklahoma	39
Red Lake	Chippewa	Minnesota	34
Flathead	Salish and Kootenai	Montana	25
Ute	Ute	Utah	24
Salt River	Salt River Pimas	Arizona	23

Indian mineral revenues

(in millions of dollars)



Source: Department of the Interior

with the companies that extract uranium, coal and oil from Navajo land. In 1982, as Federal aid and energy income fell, he was ousted by Peterson Zah, 49, an advocate of Navajo self-determination. Last fall Mr. MacDonald narrowly defeated Mr. Zah to regain office.

"Today, we're talking about light industry, electronics and manufacturing. Maybe even defense contracting," Mr. MacDonald said. The key to his plan is the economic enterprise zone, modeled after the bustling, free-wheeling business enclaves in Hong Kong and Singapore. A bill to establish Federal enterprise zones in poverty-stricken urban areas was introduced by two New York Representatives in 1981. The bill was not successful, but similar legislation has been adopted by several states. Senator John McCain, an Arizona Republican, introduced a bill to set up zones on Indian reservations in 1985 and plans to do so again this year.

But there are impediments. "There are 285 or more tribal groups in the United States, and they differ greatly in terms of economic advancement and sophistication," said Alvin Josephy Jr., an author on Indian topics and a consultant to President Nixon on Indian affairs. "Many are not accustomed culturally to the capitalistic system. They do not understand it, and they do not live it."

White Investors Wary

Banks are often reluctant to lend money to reservation-based businesses, particularly those headed by Indians. White businessmen, too, are leary of investing in reservation enterprises because of reports that alcoholism, corruption, nepotism and other problems are common there.

And there are legal deterrents. "Suppose you are a businessman and something goes wrong and you want to sue the tribe," Mr. Josephy said. "Well, the tribe could say we are a sovereign entity and you can't sue us. A businessman has many risks to take, going into business with a tribe."

The tribe's risks, though, are perhaps the more substantial. "There is very little altruism here," Mr. Josephy cautioned.

"Most whites want to make money out of this," he said. "The tribes do, too, but they don't want to be taken in the process. And they don't want their people reduced to second-class citizens who end up doing menial jobs." Many observers also worry that such traditional activities as nomadic sheep-herding and subsistence farming could vanish like the buffalo before a new flurry of profit-hungry whites.

"A cash economy isn't all there is," said Mr. Saugee, a Cherokee. "Traditional activities are part of our basic cultural identity. They are valuable in their own right."

Remaking the American C.E.O.

By STEVEN PROKESCH

THE turmoil in corporate America is forcing the nation's business leaders to undertake the most radical reassessment of their practices and beliefs since the end of World War II. But out of this soul-searching, a new set of management precepts is emerging, with profound impact on individual companies and the country as a whole.

The early returns seem heartening. Stories of American industry's competitive woes are starting to give way to stories of corporate revival, at such well-known and diverse companies as Ford, May Department Stores and Xerox. The revival can usually be traced to a new respect for radical change.

"Most of us who are running major companies may not understand yet how much we will have to do differently to be successful," said David T. Kearns, chairman of the Xerox Corporation, who has put aside the company's time-honored custom of manufacturing in America copiers that are sold in America. Now the Xerox line includes components, and even whole machines, imported from the Far East — and Mr. Kearns has eliminated half his American factory workers.

What is making Mr. Kearns and dozens of his peers so flexible and so willing to revamp their operations is a perception spreading through executive ranks — that corporate survival

product and ships them for assembly in the markets where they will be sold. This seems to be signaling the end of the vertically integrated corporation that has prevailed for most of the 20th century.

"The time has come to think of factories differently, not as giant integrated places that produce a single finished product from beginning to end, but as a series of small modules located in different places, each contributing flexible portions of a constantly changing, transportable whole," Mr. McDonald wrote.

So much for the company town and the chief executive who sees himself not only as a business manager, but a civic leader and corporate statesman. Reginald H. Jones, chairman of the General Electric Company in the 1970's, was such a statesman, much admired among his peers for his concern over public policy, a role that kept him busy as a speaker and consultant to presidents. Back home, a huge staff ran G.E.

Now his successor, John F. Welch Jr., is just as representative of the current spirit, and also much admired by his peers. Mr. Welch sits on no corporate boards other than G.E.'s, makes relatively few public speeches and is an infrequent visitor to Washington. Virtually all of his energy goes into managing G.E., which has been transformed from a stodgy manufacturer of traditional appliances and machinery to a more profitable company that concentrates on lending, insurance, broadcasting and other services. Gone is the huge corporate headquarters staff and tens of thousands of other employees.

Donald E. Petersen, chairman of Ford Motor, is another practitioner of the new wisdom. To him, that means giving auto buyers the quality and styling they want, on the one hand, while ruthlessly slashing costs on the other. That has produced the hot-selling Taurus and Sable, and also numerous plant closings and layoffs to reduce operating costs by \$5 billion a year. "We have one imperative," Mr. Petersen says. "We simply must continue making an improvement to the point we are fully competitive on an international scale."

But the new creed also means that America's chief executives are becoming reluctant, even scared, to stick with a money-losing product or a marginal business, no matter how strongly they believe in it.

"Some companies even have a staff whose job is to ask, 'why do we need this? Can we cut the tail off that part of the company?'" Mr. McDonald wrote. The resulting divestitures — or movement away from corporate mass to more focused companies — have been a major cause of the merger and acquisition craze of the last few years.

Gone are the visionaries, the creators such as Henry Luce, who thought up Sports Illustrated and remained true to it for many money-losing years, certain the magazine would ultimately succeed, as it finally did. These days, Frederick W. Smith, chairman of the Federal Express Corporation, typifies smart manage-

ment. He dreamed up Zapmail, a facsimile service that could deliver letters and documents anywhere in the nation in two hours. But after three years of huge losses, Mr. Smith folded his service last November.

He still suggests that Zapmail would have made money in the long run. But in the new wisdom, the chief executive no longer sees himself as enough of a seer to buck the market place for too long. Nor does he automatically pursue a vision against the wishes of his managers, and Mr. Smith's managers wanted to kill Zapmail. "We could have done it, but we would have bled for a long, long time," Mr. Smith said.

The new management ways are paying off for the moment. Ford, for example, is likely to report the highest 1986 profits of the Big Three auto makers. The Cummins Engine Company, to take another example, has kept the Japanese out of its diesel engine markets, partly because Henry B. Schacht, the chairman, redesigned the engines to reduce the number of components, and thus the cost. Such promising results have dampened criticism, but not all of it. Some fear that the new philosophy will hurt the United States in the long run.

One of these worriers is John C. Burton, dean of Columbia University's Graduate School of Business. He says the new approach is reinforcing the penchant among American managers for short-term results. "Instead

'We don't have to get into a straitjacket on the corporate hierarchy.'

D. Wayne Calloway
Pepsico

three main businesses — restaurants. He had Michael H. Jordan, who had been Pepsico's president, give up his corporate title and move to Dallas from Pepsico's Purchase, N.Y., headquarters to perk up Frito-Lay, the snack food subsidiary. Roger A. Enrico heads the beverage business.

David C. Farrell, chief executive of the May Department Stores Company, agrees. He recently spent huge amounts of time planning and executing a campaign to sell casual weekend wear, now one of May's fastest-growing categories. "If top managers don't get involved in the details of the markets they compete in, they're going to get killed by people that do," said Andrzej E. Pearson, a professor at the Harvard Business School and former president of Pepsico.

This is an approach that belittles corporate hierarchy. And, predictably, the new management rules counsel chief executives to give up autocratic ways and operate as if they were almost another member of the executive team. Certainly, the iron-fisted corporate rulers of the immediate post-war years — such as Harold Gessen of ITT, Henry Ford II, Harry Gray of United Technologies and Charles Bluhdorn of Gulf and Western — have given way to chiefs who cultivate so low a profile their names are hard to recognize.

Management by fiat is out at Gulf and Western Inc., for example. Should someone forget that in the presence of Martin S. Davis, who succeeded Mr. Bluhdorn, then Mr. Davis is likely to hand the culprit one of the cards he keeps stacked in his office. "Use of pronoun 'I' prohibited; use of pronoun 'WE' mandatory," it states.

The penchant for egalitarian, collegial rule among a company's top executives has probably gone furthest at the Nucor Corporation, the innovative steel mini-mill. On the lighter side, F. Kenneth Iverson, the chairman, has designated as the executive dining room the Chinese restaurant and the delicatessen — usually the deli — in the shopping center across the street from Nucor's headquarters in Charlotte, N.C.

"Every employee in the company is on a bonus, and when business drops it is the officers' pay that takes the biggest hit," Mr. Iverson said. Nucor has also done away with the differently colored hardhats that designated hierarchy at the company. Now instead of three colors, everyone wears a green hat.

All this camaraderie may be genuine at Nucor, which has a no-layoff policy, but elsewhere it is not as sincere. Many chief executives preach the virtues of employee involvement, teamwork and participative management, but for a calculated reason. Personnel cutbacks have taken a heavy toll on employee loyalty, which, in turn, threatens to take a toll on company efforts to bolster productivity and product quality. As a consequence, executives face the difficult paradox of having to convince employees that they really care about them — until the ax falls in the next wave of cutbacks.

"We're more like wartime leaders, in that all we can promise them is blood, sweat and tears," said Stephen R. Hardis, vice chairman of the Eaton Corporation, which manufactures truck parts and other industrial goods. Mr. Hardis recounted a 90-minute pep talk he recently had with a young Eaton finance manager frustrated by the dearth of promotions at a company that has been shrinking its work force. "When I got my first job years ago, they told me the rules," said Mr. Hardis. "I would not have presumed to sit down with my boss and have psychological discussions." But for Mr. Hardis in the 1960's, job

advancement and job security were givens. He did not need the pep talks.

C.E.O.'s are learning to contend with paradox and uncertainty. They talk passionately, for example, about getting back to basics in a business in one breath. But in the next, they say they would sell off that same business tomorrow if it would push up their stock price. "You can't be emotionally bound to any particular asset," says Mr. Davis of Gulf & Western.

An investment in a new manufacturing process or business may result in a faster market share and handsome profits. But if the payoff is too far down the road, it may depress the company's stock price in the here and now and make the company vulnerable to a takeover. The Goodyear Tire and Rubber Company learned that lesson when it undertook a huge investment in an oil pipeline. The investment helped to depress Goodyear's stock price and a corporate raider, Sir James Goldsmith, attempted a takeover last year. That forced Goodyear to a decision to sell its energy operations, among other things.

In fact, a major role of the new approach is to avoid big investments in businesses that a company cannot dominate. In addition, changing technology, competition and deregulation are forcing on many executives a new skill: Running a successful current business while simultaneously planning for change, knowing the current business might not last.

Richard A. Clarke, chairman of the Pacific Gas and Electric Company, for example, finds himself planning for the day when every building in his California market might get its electricity from a "black box" fuel cell, rather than the central power plants and the vast network of lines that absorb P.G.&E.'s capital. If that happens, Mr. Clarke wants P.G.&E. to sell and service the boxes.

That is the future. Currently, deregulation has forced P.G.&E. to compete in the sale of natural gas to customers who once could only buy their gas from the utility. Mr. Clarke, an attorney who became chief executive last May, has found himself building a marketing staff, installing an incentive-based compensation system and shopping for ever cheaper gas supplies. "When you are the only store in town, and people had to take your service, you really did not have to work as hard," said Mr. Clarke, who now visits customers himself.

That the obsession with customers has reached even to the utilities reflects the vital role of "the market" in the new corporate thinking. This is virtually a reversal of the thinking that prevailed until this decade.

American managers had it easy in the 25 to 30 years following World War II. With industry in Europe and Japan in ruins, most did not have to worry about foreign rivals. Domestic competition was not so brutal either. The Depression and war left in their wake so much pent-up demand that there was plenty of business to go around right in the United States, even without going abroad. Those that did saw foreign business merely as sources of incremental sales.

With the foreign onslaught, market position has taken precedence over everything else in the chief executive's mind, because maintaining it has become synonymous with survival. "We believe we must preserve market position at any cost," said Mr. McDonald, the former Bendix officer. To do this, Cummins Engine began a massive effort to improve the quality of its diesel engines and lower their costs. But when in the midst of this program, Japanese competitors began offering prices 30 percent below those of Cummins. Mr.



'We must continue improving to become competitive on a global scale.'

Donald E. Petersen
Ford Motor Company

Schacht, the chairman, decided he had no choice but to match the cuts and "take the pain" until his improvement program was completed. Otherwise, he feared that he would have ended up with a high-quality, low-cost product — but no one to sell it to.

The rewards of adopting the new corporate rules and the penalties for ignoring them are illustrated in Ford's dramatic revival and the General Motors Corporation's earnings troubles. Ford makes only the number of vehicles that Mr. Petersen, the chairman, thinks the marketplace will realistically absorb, and only the models that intensive research told him customers wanted. Roger Smith, G.M.'s chairman, in contrast, has continued to pursue the old procedure of flooding the market with vehicles, an approach that disregards consumer demand and tastes:

The Economy

WEEK IN BUSINESS

A Lackluster G.N.P. Caps a Dismal Year

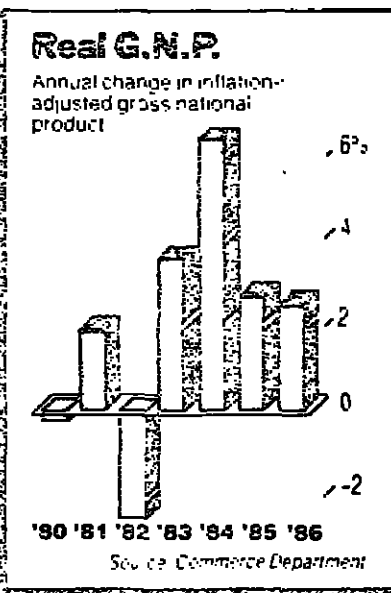
The economy grew at a dull 1.7 percent rate in the fourth quarter, and just 2.5 percent for all of 1986, which had been heralded by many as a 4 or 5 percent growth year. The fourth-quarter gain was below what most Government and private economists had expected. Much of the blame goes to the trade deficit, which has remained stubbornly high despite the falling dollar, and lackluster performance in energy and business investment. But consumer expenditures were relatively strong — personal spending rose 2 percent in December in spite of a rise of just eight-tenths of 1 percent in personal income — and exports were up, which could herald a brighter outlook.

Consumer prices rose just two-tenths of 1 percent in December and just 1.1 percent for all of 1986, a good-news-bad-news situation. Consumers benefited, but the economy was so sluggish that business was not stimulated enough to warrant price increases. The oil slump was a major factor. Other, more positive indicators: Housing starts jumped 13.7 percent in December, gaining 3.7 percent for the year, and permits were also strong. But economists cautioned that personal spending in December probably was skewed by consumers taking sales tax deductions one last time.

The dollar must stabilize, Treasury Secretary James A. Baker 3d and Finance Minister Kiichi Miyazawa of Japan agreed, but Mr. Baker does not appear to want to do anything about it. In a meeting in Washington with Mr. Miyazawa that resulted in a barebones statement simply reaffirming a pact made last October to stabilize the dollar and the yen, Mr. Baker sent clear signals that the fall of the dollar must be controlled through changes in the economies of the United States' trading partners, not through action by the United States. Mr. Baker, who may not be acting entirely with the Administration's backing, apparently believes the American economy is strong enough to withstand a further drop in the dollar, and that the short-term negative factors will be outweighed by the longer-term positive ones if the trading allies respond.

West Germany cut its key lending rate, one of the actions Mr. Baker has been seeking, and Japan is likely to cut its discount rate as well, although that Government is resisting. The moves are intended to make more money available for businesses and the economies to expand, which Mr. Baker hopes will mean more growth for all. But West Germany says the rate cut was the last action it will take to meet United States demands.

The market paused, flashed into another record-setting surge, and dropped like a stone before putting on the brakes. Ending a string of 13 gains with a 10.40-point loss on Wednesday, the Dow Jones industrial average posted a record 51.60-point



rise Thursday. But Friday, after being up more than 60 points, the Dow plunged more than 110 points in an hour and a half in frantic profit-taking and program trading before traders came to their senses. The Dow ended 33.87 points lower on Friday in record volume of more than 300 million shares. For the week, the Dow gained 25.17, finishing at 2,101.80. The market's behavior is puzzling in light of the weak economy, but perhaps not in light of the uncertainty in the dollar, some analysts said.

Ted Turner sold 35 percent of the equity in his Turner Broadcasting system to Kirk Kerkorian and 14 cable companies for \$550 million in much-needed cash. Mr. Turner and Mr. Kerkorian have done business before — Mr. Turner bought MGM/UA Entertainment from him last year.

Argyll offered to buy Guinness, but Guinness refused, Guinness said. Argyll, however, denied making an offer. The irony is that Guinness beat out Argyll in the bidding for Distillers in a deal that spawned one of Britain's widest stock scandals and forced the resignations of top officers at Guinness and its bankers. Argyll did, however, agree to buy Safeway's operations in Britain.

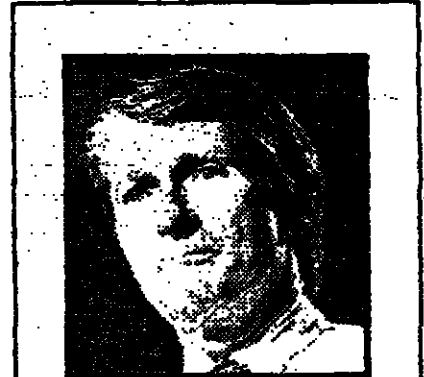
McDonnell Douglas received a \$1 billion contract to build a new Air Force contract that also gives it a leg up on competitors for commercial launching vehicles.

Home Shopping and COMB are considering a \$650 million merger that would create a huge new force in televised at-home shopping services.

Unisys lost \$188.5 million because of charges from the merger of Burroughs and Sperry. ... I.B.M.'s net fell 48.2 percent, to \$1.39 billion. Wang lost \$78.6 million and Apple rose just a bit, to \$88.5 million. ... American Express's net snaked up 1.7 percent, to \$277.2 million.

BankAmerica posted net income of \$82 million, but only after special gains canceled out an operating loss. ... Citicorp net gained 25.9 percent, to \$306 million.

MERRILL PERLMAN



'Companies may not understand yet how much we will have to do differently.'

David T. Kearns
Xerox Corporation

cannot be taken for granted. So, survival must now be the chief executive's overriding concern. "The job of running a corporation has become one of constantly challenging the status quo and trying to anticipate crises," says Robert H. Waterman, co-author of the best-selling management book *In Search of Excellence*.

That is far down the road from the old complacency that characterized American management in the post-war years, when this nation's companies dominated their markets and called the shots. Today, in an age of global competition, rapid technological change and too much productive capacity, chief executives are beginning to march to a set of standards they never dreamed of embracing in the past.

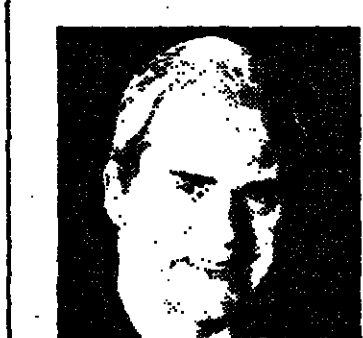
The new order eschews loyalty to workers, products, corporate structure, businesses, factories, communities, even the nation. All such allegiances are viewed as expendable under the new rules. With survival at stake, only market leadership, strong profits and a high stock price can be allowed to matter.

With this mind set, chief executives are losing interest in maintaining a favorable American trade balance, or even manufacturing in America. And they are quick to try out new operating procedures if they seem likely to be profitable. "Change is the only constant we all face," said James D. Robinson 3d, chairman of the American Express Company.

Many of the top officers of major companies are adopting the new practices. Most of these executives are in their 40's and 50's and have come into their jobs in the last five years. "These guys saw near catastrophes in some parts of their companies," said Mr. Waterman, who is now writing a book on corporate renewal. "When they got a chance to do it themselves, they were pretty strongly motivated to do it in a very different way."

The new corporate thinking casts C.E.O.'s as global warriors rather than national ones, selling wares anywhere in the world from manufacturing operations dotting the globe. They are proponents of the joint venture with another company to obtain better technology or instant access to markets. And they have a new respect for quality to win over consumers who are bombarded with more choices than ever. Finally, they are embracing a radically different manufacturing concept.

The old approach was the company town, the fixed labor force and the sprawling factory that took in raw materials at one end and issued finished products at the other for shipment to domestic and foreign markets. The new concept is the "floating factory," as Alonzo L. McDonald, former vice chairman of the Bendix Corporation, has dubbed it in a recent Harvard Business Review article. Replacing the monolithic factory owned by one corporation is a network of little plants owned by a federation of companies. Each plant in the network makes components of a



'We could have made Zapmail work but we would have bled for a long time.'

Frederick W. Smith
Federal Express

ment. He dreamed up Zapmail, a facsimile service that could deliver letters and documents anywhere in the nation in two hours. But after three years of huge losses, Mr. Smith folded his service last November.

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The New York Stock Exchange					
MOST ACTIVE STOCKS					
WEEK ENDED JANUARY 23, 1987					
Company	Sales	Last	Net Chng	Standard & Poor's	
IBM	16,177,600	37 1/2	+ 5/8	400 Indust	315.8 295.6 +4.52
IBM	15,225,500	126 1/2	+ 6 1/4	20 Transp	222.4 213.6 +8.78
Navistar	14,390,200	6 1/2	+ 1/2	40 Unils	125.3 115.3 +10.00
AT&T	13,981,200	26 1/2	+ 3/4	40 Financial	30.8 29.0 +6.25
Howl Pl	11,645,500	49 1/2	+ 1/2	500 Stocks	280.9 264.0 +15.92
Genl El	9,990,700	98 1/2	+ 4 1/4		
G Mot	9,371,000	70 1/2	+ 1 1/4		
U Carb	8,728,200	24 1/2	- 1		
Pepsi C	8,548,400	31	+ 3/4		
Digital	8,346,900	143	+ 6		
Am Exp	7,806,200	69 1/2	+ 4		
Ahmns	7,724,300	21 1/2	+ 3/4		
Coca Cl	7,642,000	41 1/2	+ 1 1/2		
Phil Mr	7,309,600	81	+ 1 1/2		
Godyr	7,209,900	46 1/2	...		

The American Stock Exchange					
MOST ACTIVE STOCKS					
WEEK ENDED JAN. 23, 1987					
Company	Sales	Last	Net Chng		
HomeShop	7,462,800	40	+13 1/2		
LorimarTel	5,067,900	17 1/2	+ 3/4		
Wicks	4,984,300	4 1/2	+ 3/4		
WangLab	3,255,400	13 1/2	+ 1/2		
TexasAir	3,224,900	42 1/2	+ 2 1/4		
EntMkt	2,612,400	11 1/2	+ 1 1/2		
Amdahl	2,587,800	27 1/2	+ 3/4		
WestDigital	1,418,500	22 1/2	+ 3/4		
EchoBay	1,379,200	26 1/2	+ 3/4		
BAT	1,260,000	7 1/2	+ 1/2		

MARKET DIARY			
	Last	Prev	
	Week	Week	
Advances	1,118	1,440	
Declines	867	596	
Total Issues	2,206	2,208	
New Highs	411	384	
New Lows	27	16	

VOLUME			
	Last	Year	
	Week	To Date	
Total Sales	1,063,019,948	3,145,225,338	
Same Per. 1986	604,091,669	2,147,937,791	

WEEK'S MARKET AVERAGES			
	High	Low	Last
New York Stock Exchange			
Indust	184.7	175.6	179.3 +1.81
Transp	130.9	127.2	130.6 +0.98
Util	80.6	78.2	79.7 +1.04
Finance	157.8	153.0	154.8 +0.67
Composite	159.1	151.0	154.0 +1.81

MARKET DIARY			
	Last	Prev.	
	Week	Week	
Advances	323	513	
Declined	447	285	
Unchanged	152	131	
Total Issues	922	929	
New Highs	88	115	
New Lows	20	14	

VOLUME			
	Last	Year	
	Week	To Date	
Total Sales	84,474,555	245,444,905	
Same Per. 1986	56,512,322	138,577,445	

The New York Times

Founded in 1851

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The State of the President

What's new, coming up on the President's report to Congress, is not the State of the Union but the state of the President. Starting suddenly, on successive days last November, the Reagan Administration changed. Six years of genial invincibility have faded fast and that's why this address to Congress ranks in importance with his first one. It will show whether Ronald Reagan, whose resilience has been so often underestimated, can bounce back once again.

The chances are strong that he can't, at least not all the way. Last Nov. 3 brought one reason: the first disclosure of the Iran-contra scandal. Then Nov. 4 inflicted a different wound — loss of the Senate to the Democrats.

There are other reasons, too. As time passes, loyal aides trail away, leaving third-stringers in their place. For all Mr. Reagan's vigor, age and hospitalizations can't help eventually affecting acuity. Still, that his Administration is weaker does not mean it is helpless or inert. Freedom is a good horse, Matthew Arnold once wrote, but a horse to ride somewhere. The measure of the President's speech Tuesday is where he wants to ride.

There's no end of important goals, like a credible anti-terror policy, a constant policy on drugs, insuring against catastrophic medical expenses. But a laundry list would deny true priority to anything. This speech will lay out the agenda for the rest of the Reagan Presidency; if he means to be taken seriously, five subjects loom largest.

□ **Peace.** The first priority is arms control. At the Reykjavik talks, negotiating progress was derailed into a train wreck of confusions. Still, this remains a rare moment. The Soviet leader seems eager, even anxious, to deal. The window of vulnerability now looks like a window of opportunity, if only the President will see the opening. Likewise, there's no way to tell if negotiation is possible in Central America without giving it a serious try.

□ **Fiscal Fidelity.** The national debt now tops \$2 trillion, double the pre-Reagan total. How much is a trillion? Just counting to a trillion, one number per second, would take 32,000 years. The President cannot raise defense spending, cut the deficit and forbid new taxes any more this year than he could in 1981. The besetting error all along has been to believe him when he says he hates deficits. If he did, a President with such popularity and power would,

over six years, have done something about it.

This deficit is no despised orphan. It's President Reagan's child, and secretly, he loves it, as David Stockman has explained: The deficit rigorously discourages any idea of spending another dime for social welfare. But that tower of debt, and its twin tower, the trade deficit, now cast ever darker shadows. To dare Congress to raise revenues is not leadership; it's playing chicken with our children's money.

□ **Protecting Against Protectionism.** The steel worker who has lost his job because of imports grasps for the most obvious remedy: ban imports. What he cannot be expected to remember is that trade barriers cost the country more jobs and more dollars than they save. Protectionists can be as powerful as they are mistaken, however, and Mr. Reagan will be judged by how imaginatively and stubbornly he protects against them.

□ **The Family.** A Republican named Eisenhower championed disability insurance. A Republican named Nixon championed food stamps. If Mr. Reagan is serious about welfare and family policy, he could now champion the cause of poor children — whose numbers have risen in his presidency from 11.5 million to 12.8 million. Senator Moynihan calculates that the poverty rate among young children is seven times that of the elderly.

Reaganites are the first to declaim that the system of Aid to Families with Dependent Children doesn't work. But beyond denouncing "welfare queens," all the Administration offers is two recent interagency committee reports calling on the Federal Government to do less.

□ **Race.** In this time of rising turbulence, constructive signals are needed as urgently as constructive programs. Consider the signals Mr. Reagan has sent, from a black point of view, ever since he began his 1980 campaign — in Philadelphia, Miss., notorious for three Klan killings in 1964. His Administration has argued that segregated academies are entitled to tax exemptions. It bitterly resists affirmative action. The President has yet to meet with the Congressional black caucus.

Plausible priorities: By his choices, Tuesday, Mr. Reagan will show whether he is tired, merely bantering down to protect past achievements, or whether he still wants to ride somewhere. By his speech, he will tell how he means to be remembered, as a partisan who succeeded as President of the Right, or as President of all the people.

Signs of Life in Times Square

New York City's Board of Estimate couldn't decide last week whether to adopt new zoning intended to keep the heart of Broadway emblazoned with the big electric signs known around the world. On Feb. 4, it will try again. Though signs are not the whole answer, a zoning change to guarantee their presence deserves approval.

Over the next 10 years, the Broadway landscape will change drastically. Tall hotels and office buildings will replace fast food joints, movie houses and other attractions that make the area both sleazy and lively.

Lighted signs have for years advertised Times Square as a center of nightlife. To remain such a center, cleaned up but not sterilized, the new Times Square will need new eating places and entertainments besides legitimate theaters and movie houses. These might include new kinds of eating arcades or pavilions of the sort now familiar in other cities, sidewalk entertainers, stores that invite browsing and informal cabarets.

But on a simpler level, retaining the area's liveliness also means retaining its signs. That is what the zoning change measure before the Board of

Estimate would do. It would require buildings yet to be constructed to make room on their facades for new generations of electric signs. Every building in the district would have to provide a setback, a shelf wide enough for large electric signs within prescribed height limits above the sidewalk.

The change would also expand the existing requirement that every building actually have electric signs. It will spell out how big and bright even the smallest must be. While such attention to detail is probably necessary in principle, the board and the planning commission should remember that the rules they are formulating are intended to encourage variety, not uniformity. In the administration of the new zoning, if adopted, there must be enough flexibility to make nighttime Broadway a cascade of surprises.

But the basic endorsement of signs remains essential. Signs followed people to Broadway. Now people follow signs. In central Manhattan, where land is scarce, office buildings and hotels follow both. With imagination and discretion New Yorkers can make their entertainment district a serious work place by day and a festival of light by night.

Topics

Winning in Winter

Expertise in the Chair

Congressional Republicans and Democrats made leadership choices of enormous importance last week, one good and one troubling.

House Democrats retained Les Aspin as chairman of the Armed Services Committee, after having voted no confidence in him two weeks ago. That's a plus for the country in moderation, expertise and responsibility. Senate Republicans, however, rejected the Foreign Relations Committee Republicans' unanimous endorsement of Richard Lugar and installed Jesse Helms as ranking minority member.

Mr. Helms thus becomes one of a handful of legislators who are regularly called to the White House and State Department to work out differences. Unfortunately, where Mr. Lugar is skillful at building bridges, Mr. Helms' forte is confrontation. Also, Mr. Helms now gets to name the minority staff on the committee.

Nor is Mr. Aspin's victory without cost to the Administration, in which he has many supporters. He had to appeal for votes with promises of opposing further requests for MX missiles and aid for the Nicaraguan rebels. This gives him little or no room to maneuver in fashioning compromises with the White House.

For that, however, the Administra-

tion itself is to blame: It pledged that the missiles and aid would be used as bargaining chips but then took the chips and did little bargaining.

Regrettable though Mr. Lugar's loss was, the Aspin victory probably counts for more. Chairmen generally outweigh even very able ranking minority members, and the Pentagon budget totals \$300 billion.

Flowers On Ice

In Willie Cather's famous short story, "Paul's Case," set in yesterday's New York, the hero takes a carriage ride down Fifth Avenue on a snowy night and marvels at "stands with whole flower gardens blooming under glass cases, against the sides of which the snowflakes stuck and melted; roses, violets, carnations, lilies of the valley — somehow vastly more lovely and alluring than they blossomed thus unnaturally in the snow."

Thanks to the city's Korean green-grocers, yesterday's image has returned. On the night of last week's snowstorm, whole flower gardens — roses, carnations, tulips and freesia — were blooming behind the clear plastic curtains the grocers hang in winter. The snowflakes did indeed stick and melt on their sides; and, yes, they were vastly more lovely and

alluring than they blossomed thus unnaturally in the snow.

No-Armed Bandit

The Nevada Gambling Control Board has authorized a test of cashless no-armed-banditry, a plastic card that takes the place of coins in slot machines and enhances a casino's ability to hook customers.

Here's the trick: The gambler — call him Tom — forges over the cash he wants to bet and gets an encoded card. When this is inserted into a slot machine, Tom's credit shows on a screen; if he has given his name, it may also flash a friendly "Good luck, Tom!" Tom pulls the handle and the wheels spin. If he wins, a recording plays the sound of cascading silver, except no silver cascades. Winnings build-up in the card, electronically. Losses are, of course, taken out. When he leaves, Tom may cash what's left, if anything.

Tom need not tell who he is to get a card, but here's the hook. He accumulates bonus points as he plays. To redeem them for a drink, a meal or other "complimentary" enticements, he must identify himself. The casino thus gets a handle on good prospects and can woo them to play more. The card is offered as a convenience. It might better be called a snare.

Letters

Surrogate Motherhood Binds Unequal Parties

To the Editor:
"Giving Love, or Selling Life?" (editorial, Jan. 9), on the New Jersey trial to decide the legality of the contract of the surrogate mother of Baby M, and the infant's eventual custody, clearly sets out the nature of the problems. If surrogate childbearing is to be a continuing practice, it is urgent that legislative provisos and demarcations be set out.

It seems to me that one basic involvement of this practice should be mediated upon: the contribution of both sperm donor and fetus bearer. Such a contract when made ought to allow for a change of heart.

Artificial insemination is an important contribution as an asset toward a surrogacy contract, but the bearer of the fetus contributes a far larger share in the developing process. The bearer supplies physiological and emotional nourishment to the fetus and is herself involved in emotional stirrings both bodily and mental.

This imbalance of contributions makes of the contract a human rather than a legal reality. Therefore, a contract of this nature should have a clause allowing for a change of heart, since the bearer is subjected to the consequences of such emotions as enter into childbearing compared with which the donor's contribution is almost minimal.

This kind of contract is based on dissimilar contributions and obligations.

It should perforce be only a conditional one.
JOSEPH RESNICK
New York, Jan. 9, 1987

A Contract Is a Contract

To the Editor:
"Should surrogate parenthood be tolerated?" your editorial asks, but you do not ask whether contracts should be broken simply based on emotion. Mary Beth Whitehead's emotions are certainly important — but that is why she should have thought over the implications of being a surrogate mother before signing a contract.

Surely Mrs. Whitehead, already the mother of two children, is familiar with the mother-child bond. Giving birth to a child is undoubtedly one of the most "sacred" events in a woman's life. For this alone, it should receive the most prayerful contemplation before being undertaken.

While it is easy to empathize with Mrs. Whitehead's second thoughts, this must not allow Mr. and Mrs. Stern to be short-ended in a contractual agreement.
KELLY ROGERS
New York, Jan. 14, 1987

Disallowed in England

To the Editor:
Your Baby M editorial states: "Judge Sorkow has about as much case law to call upon as Solomon did when he heard his famous custody

suit. None." Not quite. While the Baby M case is the first in this country wherein a court must decide custody between a commissioning couple and a repudiating surrogate, such a case, A. v. C., was tried in England in 1978.

It was decided first at the trial level by a judge of the Family Division and then by a three-judge panel of the Court of Appeal. The trial court held the contract unenforceable "as being against public policy" on the ground that "this was a purported contract for the sale and purchase of a child." The appellate justices cast even severer aspersions upon it: "a totally inhuman proceeding," "a bizarre and unnatural arrangement," "a sordid commercial bargain" (Lord Justice Ormrod, who is also a physician), and "a kind of baby-farming operation." "A guilty bargain" and a "lamentable commercial transaction" (Lord Justice Cumming-Bruce).

Both the trial and appellate courts awarded custody to the surrogate as the child's mother, but they differed as to whether the father should have visiting rights. With some reluctance, the trial judge decided that he should. But the Court of Appeal unanimously held that he should not, reasoning that the mother should be free from "interference from an obsessive father."

The opinions of the four judges fill 17 printed pages, but were not published until 1985, in a series of unofficial reports that are available in very few law libraries in this country. This unusual circumstance probably accounts for your statement.

This 1978 judicial precedent is not the last word on surrogacy in Britain. In 1985, Parliament enacted the Surrogacy Arrangements Act, which forbids, under penalty of fine and imprisonment, advertisements designed to bring together would-be commissioning couples and surrogates, and also the negotiating or making of surrogacy arrangements on a commercial basis.
CYRIL C. MEANS JR.
New York, Jan. 12, 1987

The writer is a professor at the New York Law School.

Gift of Life in China

To the Editor:
Your editorial on Baby M took a very puritanical, shortsighted, supposedly neutral view. But you ignore historical precedent.

In China, it has been a time-honored tradition for a woman in a family with many children of her own to give one of the later born to a sister or relative unable to bear children.

I first heard of this practice 15 years ago, when I was living in Asia. I was shocked, but on reflection realized that here was a solution to a terrible problem — lack of children — where all could benefit, and one woman could give another a chance at motherhood that nature had denied.

Of course, in such cases, money did not change hands. But I think it points up an aspect of this situation you ignore: the gift of life to a potentially good mother — a woman unable to bear children — whose commitment may be just as strong as that of the natural mother.
APRIL KLIMLEY
New York, Jan. 12, 1987

'Who Wickedly Is Wise, or Madly Brave'

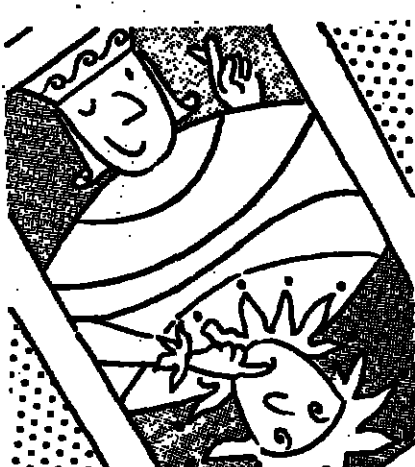
To the Editor:

"The Iran-Contra Information Curve" (editorial, Jan. 11), if I read it right, implies that Ronald Reagan could more readily solve his present problem by admitting he had been a fool than by letting the world go on thinking him a knave. This choice you laid before the President (if choice indeed it is) roused in my mind long-dormant echoes, and I turned to my dictionary of quotations. There I was at once bluntly informed that "The world is made up for the most part of fools and knaves." This bold assertion, from one of the dukes of Buckingham, failed to say which of the two, if either, the duke preferred.

Indeed, none of the great minds I found in my dictionary appeared to have strong feelings on the knave-fool controversy. "Very often, say what you will, a knave is only a fool." That was Voltaire; William Hazlitt varied this to: "I am always afraid of a fool. One cannot be sure he is not a knave as well." In a poem on Sir Joshua Reynolds, William Blake cried:

O reader, behold the Philosopher's grave!
He was born quite a Fool, but he died quite a Knave.

Some of the great minds, to be sure, found distinctions but not much in the way of a difference. Lord Chesterfield, who seldom felt ill equipped to hand out advice, was content with a cursory caution: "Abhor a knave and pity a fool." But "More knave than fool," said Cervantes, and Marlowe echoed this thought, adding, "More



the serpent than the dove." Pope, in his "Essay on Man," was somewhat less pithy than his wont:

Who wickedly is wise, or madly brave,
Is but the more a fool, the more a knave.

What useful wisdom, then, can the President take from the great minds? Not much, I'd say. If Mr. Reagan chooses to be thought a fool, it seems the nation will carp because he was not more of a knave. And vice, alas, versa. I think the President would be best advised to heed Lord Halifax (who died three centuries ago): "The eagerness of a knave maketh him often as catchable as ignorance maketh a fool."
GORDON SAGER
San Francisco, Jan. 11, 1987

Go Back to Old Colors On New York Plates

To the Editor:

Lois Greene Stone (Op-Ed, Jan. 10) reported charming sentimental reasons for opposing New York State's license-plate color change from orange and blue-black to red, white and blue.

There are also practical reasons: • **Readability:** License plates are useful to the extent that they are readable. Esthetics should have a lower priority. Nothing is more readable than the blue-black and orange combination. The new plates cannot be read so easily or from as great a distance.

• **Cost:** Three colors (white, red and blue) cost more than two (blue-black and orange).

Let's go back to blue-black and orange. For Ms. Stone's sentimental reasons. And for the foregoing practical ones.
E. L. DECKINGER
Jamaica, Queens, Jan. 11, 1987

Has Liu the Justice Been Silenced by Beijing?

To the Editor:

One sad result of the student demonstrations in China has been the denunciation of intellectuals. Of all the casualties, the most significant is perhaps the expulsion from the Communist Party of the renowned writer Liu Binyan (news story, Jan. 14).

Mr. Liu, a roving correspondent for The People's Daily, whose specialty is exposés of corrupt officials, is widely known as Liu Qingtian (Liu the Justice). Immensely popular among readers, despite constant criticism from conservative quarters of the Government, Mr. Liu has nevertheless, until now, had the backing of his paper, the powerful party organ. It is said local officials shiver at the news of his coming visits.

The last time I saw him was just a couple of weeks ago, on Dec. 29 to be exact, in a Beijing hotel. He told me he was going to Hainan Island in the south for a long rest. Was he ordered

to go, or was it a self-imposed exile?

I first got to know him in the fall of 1982, when he was on a tour of the United States and visited my New York apartment. A writer of the so-called "reportage literature," he was interested in the nonfiction novel and the new journalism, and we had an intense discussion of Truman Capote and Norman Mailer, Jimmy Breslin and Pete Hamill. Mr. Liu reads Russian and English. His 1979 exposé "Between Man and Demon" has become a modern Chinese classic.

It will be a great loss to China and to the Chinese people if this man of talent and courage is once again silenced, as he was for the 21 years from the 1957 antirightist campaign to the end of the Cultural Revolution in 1976.

Timothy Tung
New York, Jan. 14, 1987
The writer is associate professor and China specialist at the library of the City College of New York.

Education Dept. Loan Program Isn't Student Aid, but Bank Aid

To the Editor:

It took the perverse logic of late-19th-century coal bosses to turn an extra profit by forcing employees to purchase the necessary tools of production from the company. It comes as no surprise to find this same logic practiced by the current Federal Administration. Disappointing, not surprising. Education Secretary William J. Bennett's proposal to replace student-aid grants with \$50,000 bank loans at market rates is the case in point (news story, Jan. 2).

In the long litany of industrial exploitations and injustices, the company policy of charging miners for the explosives to perform their jobs has always seemed among the meanest. I suppose it was justified by some cost accountant on the ground that it would discourage frivolous or wasteful use of dynamite. Besides, didn't the miners benefit financially from the use of these explosives? Why shouldn't the users pay?

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or return unpublished letters.

As the American economy continues to shift from manufacturing to information processing, higher education — that is, human-capital development — is as essential to the economy's health as simple literacy was several decades ago. Higher education bears much the same relationship to the information economy as coal and steel did to the old industrial economy. A college education has become absolutely necessary to gain access to the good jobs and the good life.

Mr. Bennett's student-loan program isn't student aid at all, but bank aid. The very necessity of higher education has created a vast market for these loans, and the effect of the

Bennett proposal is to force students and their families to patronize this market. The money boys are assured a steady flow of excess profits through a combination of Federal guarantees and Internal Revenue Service collection.

The whole thing is reminiscent of President Hoover's firm opposition to agricultural aid because it would help desperately needy farmers, while at the same time he favored a Federal bailout of the bankers — and it smells just as bad.
ROBERT M. NIELSEN
Washington, Jan. 13, 1987

The writer is higher-education assistant to the president of the American Federation of Teachers.

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IN THE NATION

Tom Wicker

Star Wars Stampede

If a new Democratic Congress were to make a difference in only one thing, it probably ought to be in President Reagan's plan for a "Star Wars" strategic defense. Now the Pentagon is talking of deploying elements of such a defense in the early 1990's — a dubious notion that Congress should dispel promptly and firmly.

The motives behind the Pentagon statements, some of them by Caspar Weinberger, the Defense Secretary, seem plainly political. Promising early deployment might make it more difficult for members of Congress to oppose or cut back Star Wars appropriations. It might also give the project more credibility and momentum within a skeptical public, just when a scandal-weakened Administration faces a new Congress in the control of the Democrats.

But no evidence of technological breakthroughs that could speed up deployment has been offered. As recently as last fall, the Administration was making arms control offers on its own assumption that strategic defense deployment was at least 10 years away. The weight of scientific opinion outside the Administration holds that an effective strategic defense cannot be deployed until well into the future — if ever.

Senators William Proxmire of Wisconsin and Bennett Johnston of Louisiana — neither can be accused of being soft on defense or military needs — already have voiced strong opposition to the Pentagon's hurry-up offensive. Both are Democratic members of the Defense Subcommittee of the Appropriations Committee.

The two Senators said at a news conference that even if partial deployment were feasible for the early 1990's, it would cost far too much — perhaps \$100 billion, some experts have suggested. The Senators also expressed doubt that the weapons involved could be fully developed so soon, and suggested that the Soviets could counter those weapons relatively cheaply — with fake missiles and decoys, for example, or by attacking the satellites that would control the defensive system.

Just to place those satellites in orbit — an early phase of any space-based defense system — would require bigger rockets than the U.S. will have available for years to come, Senator Proxmire said. And Pentagon officials already are saying that if they move ahead with early Stars Wars deployment, the U.S. will have to retreat from arms control proposals it has placed on the table at Geneva. These are reasons enough for Congress to prevent a Pentagon crash program to bring into being something it could call a strategic defense within the next few years. Another, more important, reason is that

Congress should prevent this dubious plan

the Reagan Administration — nearing the end of its incumbency and drastically reduced in public confidence — should not be permitted to commit the nation any further to strategic defense.

Once final, such a commitment would be a dramatic change in strategic doctrine dating back to the Eisenhower Administration. It probably would touch off a defensive arms race as costly as the offensive arms race. It would end the prospect for a major arms control agreement any time soon. A fully effective population defense, moreover, probably never will be possible; and it's not even clear that a partial defense or a point defense of American retaliatory missiles would be worth the time and effort to develop and deploy it.

A new president will take office in two years. He may be a Democrat. Even if not, he may have an entirely different view of nuclear strategy, and of the evolution of Soviet-American relations. He may see strategic defense — as former President Nixon does — as a super-bargaining chip to be used in a grand compromise to reduce the Soviets' offensive missile capacity.

Mr. Reagan's own proposals to the Soviets — notably his suggestion at Iceland that each side adhere to the Anti-Ballistic Missile Treaty for 10 years — allowed his successor proper latitude and flexibility. But a crash program to deploy in the early 1990's would limit that successor's national security choices, make it far more difficult to reverse, modify or delay the move to strategic defense and probably foreclose arms control initiatives he might have wished to pursue.

Strategic defense research should continue, both to pursue at an orderly pace the technological possibilities, and to guard against a surprised Soviet "break-out" in defense technology. But why should a Democratic Congress allow Mr. Reagan's Star Wars dream, with all its predictable and unknown consequences, to be imposed — like a Supreme Court Justice or the current budget deficit — either on his successor or on the American future?

By Rodney A. Smolla

FAYETTEVILLE, Ark. As we commemorate in 1987 the 200th anniversary of the Constitution, we will inevitably be pulled toward two seductive but ultimately inappropriate impulses. We will be tempted, first, to trivialize the event — to turn it into a glitzy collage of fireworks, essay contests and 30-second television moments. We will be tempted, second, to politicize the event — to turn it into a competition over who can most cleverly co-opt the language of the Founding Fathers in the service of a modern political agenda. If we are not to allow our commemoration to degenerate into so much nostalgic bicentennial goo, nor allow it to disintegrate into raw partisan contests, how then should we celebrate the achievement of these 200 years?

We might begin by reflecting on the wonderful power and resonance of the Constitution as a living document — a document that retains a remarkable hold on our consciousness, incessantly challenging, vexing, cajoling and spurring the American spirit. We should use this anniversary to engage in patriotic and political reflection in a larger and deeper sense: the bicentennial of the Constitution invites us to reflect with thoughtful, self-critical pride on 200 years of robust cultural dialogue about most fundamental questions of national identity. And perhaps more importantly, the bicentennial invites us to look to the future in the truly long sense, much as our Founding Fathers did, to ask what sort of America we wish to leave to posterity.

Throughout this year, our national attention will repeatedly be drawn to the question of whether we should interpret the language of the Constitution literally, with a heavy emphasis on the original intention of the Framers, or whether we should approach the document more expansively, with an emphasis on how the many ambiguous and open-ended phrases of the text may be put to the service of evolving contemporary values. As part of this debate we will inevitably hear many impassioned

Rodney A. Smolla is associate professor of law at the Arkansas University Law School.

A Visitor's Glimpse Of South Africa

By Keith H. Hammonds

There is a place in South Africa, on the south coast, where the waves thrash and the whales come to mate, and from the shore you can see their humps and their tails slapping the waves. The rocks merge into forest, which thickens and turns and climbs into sturdy green hills.

It is a beautiful place. This is what I said when I was asked, during my six months in South Africa, "What do you think of our country?" It was the first thing South Africans asked when they discovered they were talking to an American. "It is a beautiful place," I answered, and they went away satisfied that they had met a sensible foreigner who understood their country.

I gave this answer because it was a lot of work to explain the real answer. It was a lot of work, first, because it took time to decide what I did think of such a strange land and, second, because if I said what I thought, South Africans told me I was wrong. "You are being stupid," they would say. So I must be forgiven if I too often gave the easy answer.

I was told that, as an American

It is beautiful. Its people remain deaf to the world.

journalist, I encouraged the propagation of lies and half-truths about South Africa. Reporters told America too much of violence, politics and hatred, and nothing of all the good things that happen, of South Africa's day-to-day racial harmony.

This propensity to blame world opinion on the media saddened me. I explained that foreign journalists do not invent lies about South Africa, that correspondents everywhere report what they do because it happens and because they judge it to be important to someone. Journalists have not reported good news, it is true, but that is because the only good news there is when something doesn't happen.

I was told, too, that Americans are hypocritical when they criticize South Africa, that there is racism in the United States — in the slums of Harlem and in the suburbs of Fairfield

calls for a return to respect for the primacy of the document and fidelity to the intent of those who created it.

If, as Lincoln said, law is the political religion of American life, then we might see these calls as pleas to a return to the primacy of our secular scripture — a form of "constitutional fundamentalism." In its most extreme form, this fundamentalism empha-

County. South Africans commonly equate their black homelands with the American reservations for Native American Indians, and the current era of political reform — such as it is — with the catharsis that marked the American civil rights movement in the 1960's. And it is a fair bet that many South Africans felt vindicated, in a way, by last month's racial attack in Howard Beach.

These kind of arguments, it seemed to me, reflected a fundamental lack of understanding of the United States — as well as a tragic attempt to justify a society that otherwise is difficult to stomach.

Americans, I replied, are fascinated by South Africa because we are shocked that one race can so dominate and abuse others. Most Americans believe that they live in a truly multiracial society, where the same opportunities exist for all. No matter that these opportunities often do not exist, that economic racism often has the same force as legislated racism: Americans believe they do. They also believe, correctly, that there is no opportunity in South Africa except white opportunity.

I said Americans do not understand why nothing seems to be changing in South Africa. They are accustomed to finding instant gratification or, failing that, to finding some evidence of a working democratic process. The evidence in South Africa says a white minority rules a black majority more or less on its own terms, and the same evidence suggests that the same white minority is pretty content with its lot. Americans do not understand why so few whites protest, why the elected National Party still dominates. Nor do they comprehend the limits on personal freedom that exist in what appears, at first glance, as a first-world society much like their own.

I was told, often, that six months in South Africa was not long enough to understand the problems South Africans have dealt with for many years. But it doesn't take a lifetime to comprehend most of these problems. One knows discrimination and poverty, pettiness and greed, fear and injustice when one sees it.

Since returning to the United States, I have been asked what I thought of South Africa. I have told questioners it is a beautiful place. And I have said there are many people I admire and respect and miss very much.

But I also have told them that South Africans think what they want, and care less and less what others think if their views are not convenient. I have said that white South Africans are loath to listen to the outside world, because what the outside world thinks threatens a way of life that is easy to accept and perpetuate and difficult to reject. From all I have seen, the spirit of change necessary in any society to foster real, lasting reform is largely absent among South Africans. They do not want to listen, because they do not want to change.

How Should We Celebrate the Constitution?



Cathy Hull

Not as a sacred text.

History seems to send us two important messages.

First, it is impossible to discern, with any meaningful certainty, what the views of the Framers would be on most of the specific narrow issues of our day. If we could by some Steven Spielberg miracle transport James Madison or Alexander Hamilton to tonight's MacNeil/Lehrer News Hour, they would admonish us to struggle with these problems on our own, and not to look to them for perfect wisdom.

Second, history is very revealing of the character of the Framers. They looked to the future with the free-wheeling option with which Americans have always looked to the future, and with that peculiar American combination of pragmatism and idealism. They understood that America is not merely a city on the hill, but a city on the make.

Benjamin Franklin was in his 80's; George Washington had already ascended to his unique sainthood as the wise and imposing Father of our Country. But with a few exceptions the men at Philadelphia were men of youth, filled with a fidgeting restless energy. They were entrepreneurial, constantly looking westward and anxious to embark on the grand enterprise of nation-building, men filled with a sense of the promise of American life.

Alexander Hamilton was a brash 30; James Madison, one of the principal intellectual architects, was 36; Gouverneur Morris, who gave the document its organizational elegance and literary polish, was 35. They were acutely sensitive to posterity. John Rutledge stated that "as we are laying the foundation for a great empire, we ought to take a permanent view of the subject and not look at the present moment only." James Wilson admonished his colleagues to remember "that we are providing a Constitution for future generations and not merely for the circumstances of the moment."

Madison directed that his notes of the Philadelphia Convention were not to be published until after his death. Noting that "the debates and incidental decisions of the Convention can have no authoritative character" for interpreting the Constitution, he effectively testified to his reverence for the text. This was not, however, a slavish devotion to the words on the parchment but a celebration of their living promise. For him, the document "was nothing more than the draft of a plan, nothing but a dead letter, until life and validity were breathed into it by the voice of the people." Aware "that difficulties and differences of opinion might occasionally arise in expounding terms and phrases necessarily used in such a charter," he wrote that it would "require a regular course of practice to liquidate and settle the meaning of some of them."

Neither the pragmatic nor the idealistic strains of the American character will ever be genuinely comfortable with a cramped and rigidly reading of the constitutional text. Fundamentalism trivializes the Constitution; it saps the document of its awesome resonance and power. The Framers were men of intellectual substance, but they were also men of "substance" in the sense of 18th century culture — men of property and politics, men of business and world affairs. They created a document designed to force future generations to constantly mediate the past and future, the conservative and the liberal, to forever wrestle over matters of principle, to never surrender optimism, to never lay aside our collective continuing dialogue over what it means to be an American.

Which approach should we take toward our secular text, the Constitution? Fundamentalist constitutional methodology cannot be cavalierly dismissed, for it quite clearly taps into a forceful wellspring of American sentiment — impulses that obviously remain influential in our constitutional unconscious. Fundamentalism has its appeal, an appeal that defines itself against the perceived anti-democratic, oracular, elitist arrogance of the judiciary.

In responding to constitutional fundamentalism, it will not do to rely on tradition, judicial or otherwise. For

By asking what sort of America we want to leave to posterity.

tradition is precisely what the fundamentalist discards. On the other side of the coin, however, it will not do for the fundamentalist to rely on the constitutional text. For the constitutional text, like a scriptural text, never establishes how the text itself is to be read. The methodology, strict or liberal, with which we read a written document always comes from outside the document.

Since history should be at least some guide to our thinking during this year, perhaps some key to resolving the interpretation debate may be found in the events of 200 years ago.

Sam May Not Play It Again

By Matthew L. Miller

You won't find a proposal to edit Humphrey Bogart's films on Congress's agenda right now. But if pending legislation to ban all cigarette advertisements is enacted, you may want to Betamax "Casablanca" before the Government gets to it.

Why the worry? A well-meaning coalition — including public health groups as reputable as the American Medical Association and the American Cancer Society — says that advertisements make smoking look so attractive that we can't afford to be exposed to their influence. Yet Bogie's suave way of lighting up on the late show surely does as much to glamorize cigarettes as the Marlboro Man. If one has to go, doesn't the other? Respect for the First Amendment should stop Congress from taking either of these dramatic moves.

It may not be immediately clear why today's proposed legislation should be the cause for legal debate. Most of us recall that cigarette ads on radio and television were banned long ago, and the courts found that ban to be constitutional. At a glance, this

Matthew L. Miller, who was graduated from Columbia Law School last year, is a businessman.

Will they ban Bogie, the smoker?

new campaign is simply an attempt to finish the job.

Constitutional law, however, has evolved in the interim. When the 1971 ban was upheld, advertisements and other forms of commercial speech were thought by the United States Supreme Court to stand outside the realm of First Amendment protection. The mere "hawking of wares" was not considered the kind of socially vital communication that the Constitution's guarantees were meant to foster.

This essentially snobbish view — under which the courts in effect rationed out First Amendment protection according to how "worthwhile" a speaker was judged to be — was jettisoned in a landmark 1976 case.

By focusing on the rights of those who listen to commercial messages rather than on the motives of those who utter them, the Supreme Court concluded that a ban on the advertising of a legal product profoundly threatened First Amendment values.

The cardinal principle promoted by

free speech was seen to be at stake: Government cannot be permitted to sway its citizens by limiting the points of view available to them. Though the precise formulation of this conclusion has varied in the years since, the Court has repeatedly affirmed its importance.

Thus, the unlikely link between the Marlboro Man and Bogart. If the desire to change our minds about smoking is allowed to justify a ban on advertising, what is there in principle to prevent the Government from interfering with every communication that makes smoking look like fun?

Movies in which happy lovers share a smoke could be edited; heroines who puff in novels could be excised; Noel Coward's plays might become downright illegal to stage. No doubt the proponents of a ban would stop short of tampering with every work of stage, screen and literature. The logic of their proposal, however, is not so restrained.

The traditional priorities of the First Amendment counsel these health groups to respond to the detested ads, not to silence them. Educational advertising and stronger warnings on cigarette packages are just two measures they can promote to spread the word that smoking kills.

But to say instead that we shouldn't be free to hear about what we're still free to do is the first step toward banning Bogie. And no one — not even the most passionate antismoker — could want that.



Judith Ivey and Blythe Danner discuss problems in an ice-cream parlor in a scene from "Brighton Beach Memoirs," based on the play by Neil Simon. "It was a fun time for me, going back," he says.

Woody Allen and Neil Simon

By AVERY CORMAN

On the boardwalk in the 1940's, dancers did the Lindy to music from a juke box in front of "Meyer's Knishes." Nearby was the Take-Cup stand where you bought chow mein served in a cup made out of noodles. You ate the chow mein, then you ate the cup. The burs featured a kind of juke box with a screen that played "soundies," short subjects of big bands playing their hits, like Artie Shaw and his Orchestra doing "Star Dust." The lamp-post lights along the boardwalk were painted black on the side facing the ocean so as not to be a beacon for German submarines. If a German plane ever flew overhead you would have spotted it for sure with your intimate knowledge of enemy aircraft silhouettes. I could go on and on. I could fill this article with references to my childhood in the 1940's during the war, of Rockaway at that time, of the sounds, the textures.

Why does that time have such a hold on writers? Why do we have concurrently the evocative "Brighton Beach Memoirs," written by Neil Simon from his Broadway hit, directed for the screen by Gene Saks, and the lyrical and delicious "Radio Days," set in that very Rockaway of the 1940's, written and directed by Woody Allen?

Both of these movies deal with generally the same period of time, both are set in residential beach areas, both deal with childhood in struggling Jewish families. But let us not presume any trend toward a new genre of "Jewish beach movie" here. For all the similarities of setting they are quite different, each a highly personal view of the writer. As to why Neil Simon and Woody Allen would both be attracted to this material, I think the years of the Depression and World War II were a particularly dramatic time to be a child. If you were a writer who grew up then, at some point in your career you have to deal with that time, that material, those roots.

Movies have a special quality as an art form to almost physically transport us to another time, to preserve a period so that we can literally see it. When I was a boy I sat in movie houses like the Loew's Paradise in the Bronx; now, ironically, that period is of another time and they are making movies about it. For Neil Simon and Woody Allen it is within their vision to tell us the time was simpler and more innocent. Because of the nature of film, that simplicity and innocence is made palpable. We can see it in the clothing people wore, the hair styles, the décor of the rooms they inhabited.

In "Radio Days," opening Friday, Woody Allen uses the importance of radio in our lives in the 1940's as the

spine for a sight and sound poem about his early years and the icons of that period. He weaves fictionalized events from his boyhood with fantasy stories of the Stork Club crowd. The cast of Woody Allen regulars has taken on the comedic character of Preston Sturges's ensembles. Among the performers, we have Mia Farrow doing another dazzling turn as a comedienne and a touching performance by Dianne Wiest.

"It was an extremely romantic time in the United States," Woody Allen said in discussing the movie. "Heroic young men were going off to fight and parting with their sweethearts. And there was an enormous amount of that expressed in popular songs. It was a simpler age, and the music one heard on the radio was not earsplitting, pretentious rock music. It was very lovely. I would put on the radio and hear Benny Goodman and Glenn Miller."

"Somebody else from the 50's would make the same poignant argument for the 50's and the 60's and so on," Woody Allen continued. "But for me it was a wonderful time. The country was extremely patriotic and America was pulling together in a way that it really didn't after. We had no television. The popular culture of the day was movies and radio, and it was a very glamorous age. Radio had a tremendous hold on the nation. One couldn't wait to get up in the morning and be sick so you didn't have to go to school and you could stay home and just listen to the radio all day long. "Families gathered together in the evening, and these wonderful stories were coming over the air. The people went to movie houses that were built on the order of European opera houses. I would present the argument that it was just a more charming time and a better time."

Of "Brighton Beach Memoirs," Neil Simon said: "I'm sure all through literature people have been writing about their early times. Dickens did it, he wrote about his youth. The Depression was, in a sense, a war. We were all in the same boat together. There's the scene in 'Broadway Bound' where the boy says to his mother, 'Tell me what the old days were like.' This was my chance to show my daughters what the old days were like, and they got a much clearer picture of me seeing it up there than they would have if I just told them about it."

Neil Simon and Woody Allen inform us that they are dealing with autobiographical material. In this time of so many kiss-and-tell confessionals, there is often a presumption that what writers do is stenographically record events from life. In my own experience I set the novel, "The Old Neighborhood," north of the place where I grew up, and a woman wrote to me rather testily saying, "I knew every boy on the block. You must

have changed your name for professional purposes." For me a strong connection between "Brighton Beach Memoirs" and "Radio Days" is in the area of craft. These are pre-eminent artists and they make it look easy, but each had to find the style and distance to make events from life work dramatically.

Beyond craft and the surface similarities of these two works, in terms of period, geography, economic background, ethnicity, "Brighton Beach Memoirs" and "Radio Days" share a quality that is extremely short supply in American movies today — personal vision. Both movies attempt to speak to us about American life. If you go through the newspaper today and look at the films in release, you'll see how few relate to how we lived or how we live. About "Brighton Beach Memoirs," Neil Simon says:

"In maturing both as a writer and a person I wanted to start to investigate where all this came from. To question myself how it all happened. I knew the chronological details of my life but I didn't know the psychological ones. I felt like writing about a time when I was probably, and I think all of us are, the happiest in our lives — before the obligations start in. It was a fun time for me, going back. It was for myself I was doing it."

And Woody Allen has this to say about "Radio Days": "The whole country was tied together by radio. We all experienced the same heroes and comedians and singers. They were giants. They were so huge and now today the whole thing has completely vanished. All those tremendous heroes and mythological characters that we lived with for decades when I was younger are completely forgotten or remembered by so few people. It tells you something. It's very sobering. There was just nobody bigger when I grew up than some of these people, enormous. We think we're such hotshots. We think we have such a hold on the public and then with the passage of time it all gets dissipated. You really learn humility from it."

So we have Neil Simon setting out to learn truths about himself, examining a part of his life and a period of time for his own understanding. We have Woody Allen serving as a curator of his memories and ours, trying to preserve a fondly remembered aspect of American life. Most screenplays today simply do not start out with such personal intentions, or if they do the movies are not made, or if they are made the screenplays are rewritten by other people.

Mona Mangan is the executive director of the Writers Guild of America, East. She cites the anxiety of producers in the face of the high cost of making and distributing movies today for the climate in which screenwriters are routinely replaced on projects. As a result, movies not only

lack the personal vision of a writer but lack, as she describes it, a "unity of vision."

As I watched these two movies, I was struck by that quality of getting your story told on your terms, in your style. Neil Simon is deftly aided by a skilled director he was worked with before, Gene Saks. Woody Allen does it all himself. And they retain their personal vision.

Bill Stern, as some may recall, was a wonderful radio personality, fond of overheated sports narratives in the manner of: "And that boy, rescued from drowning by his pet beagle, Pokey, grew up to be the third baseman of the Chicago White Sox." Here we have two kids, they come from modest Jewish backgrounds, one goes to Clinton High School in the Bronx, the other Midwood High School in Brooklyn, neither goes on to college, and, as Bill Stern might have said: "And those boys, rescued from drowning by their own unique talents, grew up to be Neil Simon and Woody Allen — and enriched our lives."

Arts & Leisure



Tony Roberts and Dianne Wiest, above, in a scene from "Radio Days." At left, Woody Allen at the age of 13, photographed with his sister Letty in 1948 — "It was a simpler age," he says of the 40's.

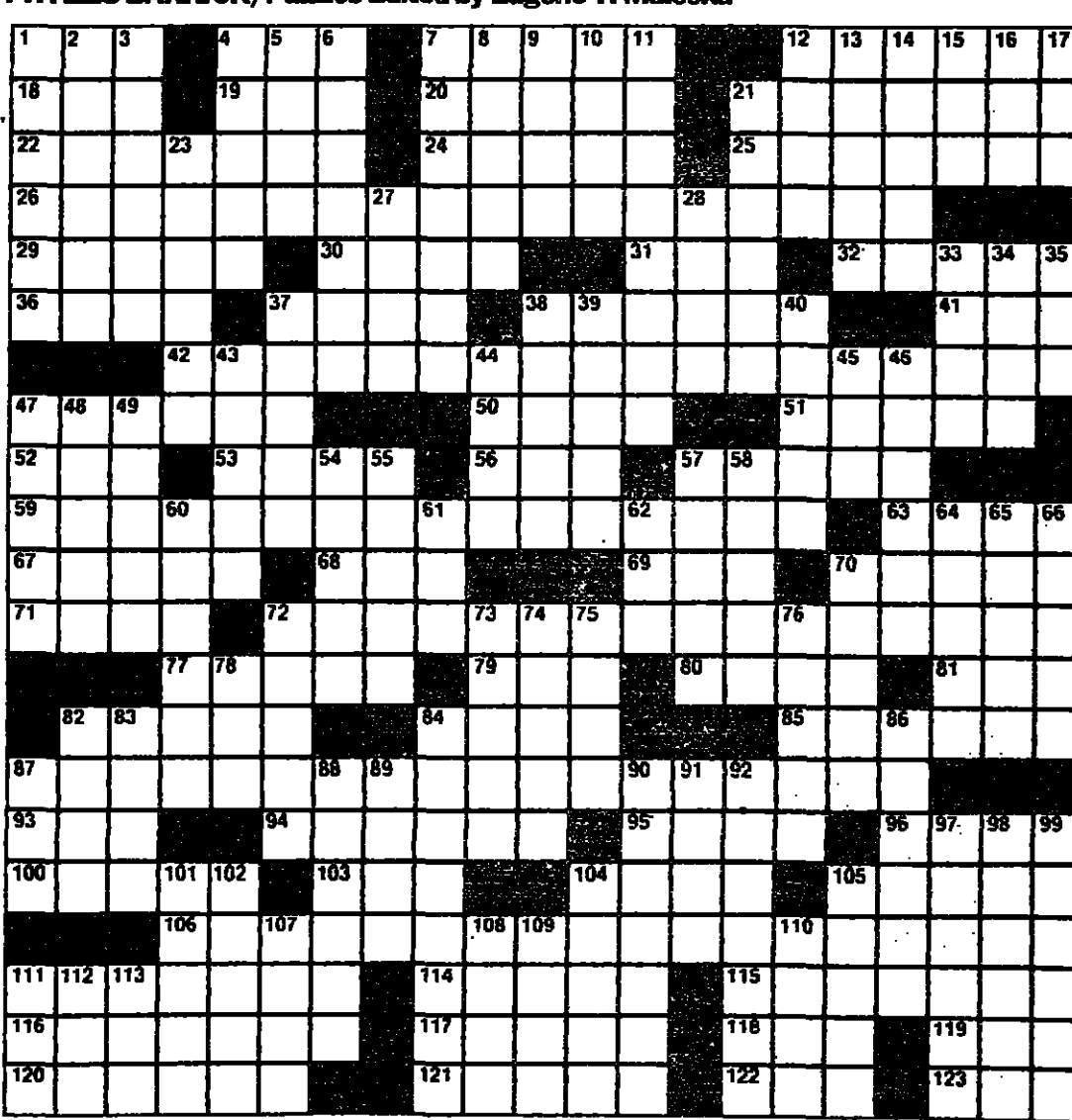


Famous Last Words

BY JAMES AND PHYLLIS BARRICK/Puzzles Edited by Eugene T. Maleska

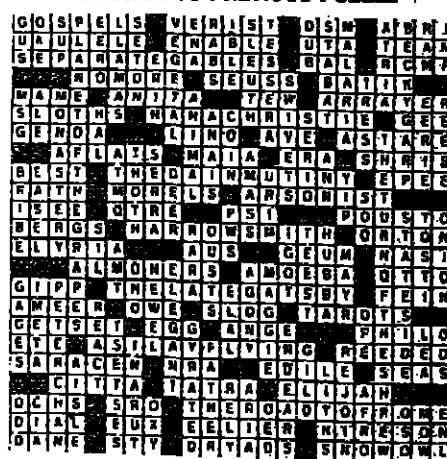
ACROSS

- 1 Dramatist Benelli
- 4 An investment, perhaps
- 7 Hangout
- 12 Dealer in a condiment
- 28 Relative of an onde
- 19 — jongg
- 20 Better, in a way
- 21 Trap
- 22 Sten gun
- 24 Woman of importance
- 25 Platform on a ship
- 26 Famous last words
- 29 Place for a bracelet
- 30 Origin
- 31 Uncle, in Oviedo
- 32 Chou
- 36 "Hud" actress
- 37 "Peter" TV series: 1958-61
- 38 Emulates Frank Stella
- 41 Cooper's tool
- 42 Famous last words
- 47 Fasteners
- 50 Germany's Der —
- 51 Classmates
- 52 Rem's cousin
- 53 Abbr. in typography
- 56 Grog drinker
- 57 Stone chip
- 59 Famous last words
- 63 Moslem prayer leader
- 67 Boston suburb
- 68 Initials at Baton Rouge
- 69 Mohammed's son-in-law
- 70 Mozambique port
- 71 Sacred: Comb. form
- 72 Famous last words
- 77 Caldron confections
- 79 Thing of little value
- 80 Pindarics
- 81 Ankara
- 82 Swain
- 84 Complete lack of wind
- 85 Actor Bruce and namesakes
- 87 Famous last words
- 93 Trouble
- 94 Subjects
- 95 Of a time
- 96 Ivy League athletes
- 100 Tumbler
- 103 System
- 104 British P.M.: 1955-57



- 105 Arrange a particular way
- 106 Famous last words
- 111 Unembellished
- 114 Use a card
- 115 Sandal thong
- 116 Narrow
- 117 Ethyl acetate, e.g.
- 118 — quandary
- 119 Nautic before
- 120 Far down
- 121 Spores
- 122 Once known as
- 123 Call on
- 9 Of a forearm bone: Comb. form
- 10 — do-well
- 11 Formal article
- 12 Bowsprit
- 13 Spring (from)
- 14 Alb material
- 15 Explosive
- 16 Alter
- 17 Upholstery fabric
- 21 Ingratiating
- 23 Joel and Eckstine
- 27 Chaplin's widow
- 28 Little bit
- 33 Secret place
- 34 Writes further
- 35 Suffix for concert or vocal
- 37 Blows
- 38 Culinary creation
- 39 National League player
- 40 Plant part
- 43 What De Quincey ate
- 44 Allie's friend on TV
- 45 — esprit
- 46 Mode of sculpture
- 47 Coarse fabric
- 48 Hawaiian island
- 49 Confound
- 54 Counselor —
- 55 Speech impediments
- 57 Salute
- 58 Practiced, as a trade
- 60 Jumping rodent
- 61 Davis or Stanley
- 62 "Norra"
- 64 Ceremonial wear
- 65 Whirling
- 66 — nest (hoax)
- 70 Mountain mint
- 72 Rug from Afghanistan
- 73 Violinist Stern
- 74 Lounges
- 75 Ariz. Indian
- 76 Nephric
- 78 Sib: Abbr.
- 82 Lugubrious sound
- 83 Vessel for water
- 84 Milieus
- 86 Ossian's language
- 87 Exhaust
- 88 Stay in an aimless way
- 89 Lhasa
- 90 Timbers in scaffolds
- 91 Mars: Comb. form
- 92 Wool grease
- 97 Matches
- 98 Belong
- 99 Bench's cousin
- 101 Kept late hours
- 102 Fish-line attachment line
- 104 Alleviated
- 105 Piers
- 107 Wagon with detachable sides
- 108 — majesty
- 109 Like George Apley
- 110 Bering was one
- 111 Benefit
- 112 Balzac's "Fille d'Eve"
- 113 Reno-to-L.A. dir.

ANSWER TO PREVIOUS PUZZLE



Neil Simon



Woody Allen

The New York Times/Mar Black

Wall St. swings wildly

NEW YORK (Reuters). — Wall Street stock prices gyrated on Friday as never before. Arbitrage-related programmes, both on the buy-side and the sell-side, played the premier role, as stock prices plummeted in the heaviest trading day in history.

The Dow Jones Industrial average, which charged 64 points higher early Friday afternoon before wave after wave of sell programmes pounded it down, closed 44 points lower at 2102. The Dow crossed the 2200 level Friday for the first time ever before falling about 115 points, an unprecedented decline, later in the afternoon.

Volume soared to a record 307 million shares, shattering the previous record of 253m. shares set only six sessions before on January 15.

The broader indices were also sharply lower as declines led advances by a two-to-one margin, but

the Dow clearly led the decline Friday.

"It was total bedlam. The market acted like we had a short-term blow-off," Gerald Simmons, head of equity trading at Smith Barney said. "The futures had a bigger influence than at any time I can remember, and on top of that there was very heavy institutional trading," he said.

"The day was ruled by the robots, dominated by the computerized programme traders," market analyst Larry Wachtel of Prudential Bache Securities said. "The Dow divorced itself from the rest of the market as the programmes whipped specific stocks around. I counted price swings of about 300 Dow points," he said, noting the sum of the wild rallies and dives in Friday's market.

"The whip-sawing of the market made it very tough to trade stocks. Just look at the enormous ranges of some of these stocks today," trader

Peter van den Berg of Shearson Lehman Brothers said on Friday.

"The only intelligent thing to do was to step to the sidelines," John Burnett of Donaldson Lufkin and Jenrette said. Traders and analysts said there was almost no way to combat the arbitrage programmes.

Hewlett-Packard was the most actively traded issue, falling 3 1/2 to 49 1/2. Traders said the stock dropped sharply amid rumours that Cowen and Co. issued a report suggesting buyers stay away from the stock at prices in the mid-50s.

IBM was the second most actively traded issue. The stock, which had risen all morning, ended the day with a loss of 1 1/2 to 126 1/2. Traders said that many of the Dow stocks make up the basket of stocks involved in the programmes and suffered from the arbitrage related programme sales.

Expert says Japanese industrial prowess a 'myth'

It's the West's turn to copy Japan

By KEN SCHACHTER

Made in Japan. In the years immediately following WWII, that label was synonymous with second-hand designs copied from the West and slipshod workmanship. But from the ashes of the war an economic powerhouse has emerged. One need only look at the Seikos on our wrists, the Sonys in our living-rooms and the Subarus in our driveways.

And, in an ironic twist, now it's the West's turn to copy, if not Japanese products, at least the management techniques that spawned them.

Simcha Ronen, a professor of international management and organi-

zational psychology at Tel Aviv University, has studied the much-envied industrial methods of Japan, where he interviewed about 100 top executives and visited 30 companies last year on a grant from the U.S.-Japan Institute.

Ronen said in an interview this week that a mythology has evolved around Japan's industrial prowess. Further, misunderstanding of Japan's social system has led to failure when Israeli companies — and others — sought to copy the Japanese model.

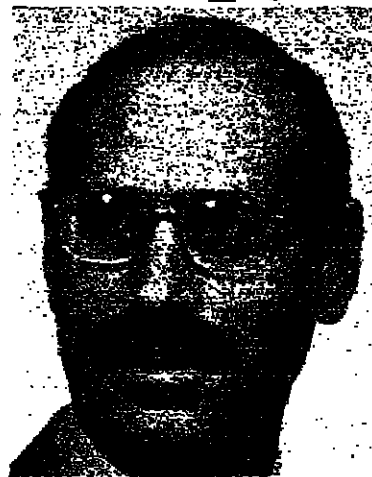
Ronen said the idea that Japan enjoys an "unfair edge" in global trade stemmed from outdated notions, or outright myths.

For example, he said, Japan had kept the yen's exchange rate low for years, giving exporters an advantage. In the last two months, however, under pressure from the U.S. and the European Community, Tokyo revalued the yen from 250 per dollar to 150. The result: "One hundred and fifty major companies, excluding financial institutions, suffered an 11 per cent drop in sales and a fall in profits of about 20 per cent."

Ronen also sought to debunk the "myth" that Japanese workers are more efficient than their Western counterparts. Ronen characterized Japanese workers as "more effective," a virtue reflected "in the quality instead of the quantity of production."

A 1982 study comparing U.S.-made air-conditioners with those made in Japan found that in the first year of use more than 10 per cent of the U.S. machines required service on one of three major components. The Japanese figure was 0.6 per cent.

Such impressive performance is merely the natural product of a highly structured — and many Westerners would say, highly restrictive — organizational and social system. For the Japanese employee, the boundaries



Simcha Ronen

between management and worker, between company and union, between colleagues and family, can be blurry indeed.

After a brutally competitive winnowing process in primary, junior high and high school and — for those who persevere — university, a crucial day arrives. April 1 is the day on which all major Japanese companies do their hiring.

The major industrial conglomerates, where jobs are much coveted, hire high-school graduates as workers and university graduates as bottom-level trainees, Ronen said.

The managerial trainee gets essentially the same salary as his colleagues and no contract. "But," Ronen said, "it's understood, without any question or doubt, that he will be part of this organization till retirement."

Once in the company, the employee joins a team. The team then becomes the centre of his work experience.

"Tasks are not performed by individuals and not delegated to individuals," Ronen said. "Neither is accountability individually based. Tasks are performed by the group and individual commitment is to the group. Any rotation will involve the individual moving and joining another group."

Ronen said this team concept probably exemplified the most extreme contrast with the Western style of management, where a job involves delegated authority and individual responsibility and accountability.

The Western manager directs, supervises and evaluates the individual employee. The individual is rewarded according to the evaluation of his supervisor.

In Japan, Ronen said, the manager is more of a father figure whose main task is to promote a congenial climate for his team. The team makes all the decisions involved in their work and carry them out. The manager simply approves the group

decision.

Though criticism of the manager is unthinkable during work hours, Ronen said, team members can air their gripes over a drink during the frequent after-work team gatherings at bars, restaurants or geisha houses. The practice is so ingrained and widespread that middle managers often get expense accounts equal to twice their salaries to hold these gatherings which are estimated to generate income of \$64 million daily in Japan.

An outgrowth of Japan's "bottom up" decision-making process is the much-ballyhooed "quality control circle," in which a team meets to look for ways to better perform their task. QCCs have been tried by the Israeli companies Tadiran and Telrad, among others.

Western companies, including U.S. car companies, also are trying to adapt the Japanese "just-in-time" approach to inventory. Under this method, parts inventories are kept to a minimum and the manufacturer depends on outside suppliers to deliver the required parts "just in time."

Ronen said that the successful adoption of Japanese management methods by Israeli companies hinges on the fostering of new attitudes between the employee and the company.

The use of QCCs in Israel, Ronen explained, is largely undermined "by the perception of most employees that the success of the organization isn't going to improve their reward system. What's worse, they don't perceive that they can contribute to the organization's health."

Even organizations that have set up sophisticated managerial programmes in Israel, Ronen said, have been constrained by economic factors.

"No doubt under the circumstances," he said, "most employees, whether in managerial or non-supervisory jobs, feel helpless and frustrated."

He said that the team concept, prevalent in Israel's early years, has been displaced by American notions of individuality. Still, he said, Israeli companies could command the individual's loyalty without relying on the Japanese value system. This could be done through a system of rewards and promotions that advanced those who further the organization's goals.

But first, he said, Israeli companies must overcome the perception that appointments are motivated by nepotism, politics and efforts to court the military by hiring ex-officers.

"It's clear now," he said, "that most promising young potential managers have lost the faith in the organization that skills and performance are indeed the major requirements."

Arbitrage sales behind fluctuations

CHICAGO. — Massive arbitrage activity between the stock market and stock index futures fuelled the historic price swings in the stock market on Friday, financial analysts said.

"It's back and forth between arbitrage buy-and-sell programmes. That's the story in a nutshell," said Marshall Beyer, analyst at Richardson Greenfield Securities.

Arbitrage programmes involve the simultaneous purchase or sale of a basket of stocks that mirror a stock index and the offsetting sale or purchase of stock index futures.

Arbitrage buy programmes are established when the premium of the stock index futures contract over the actual stock index rises above a theoretical "fair value," usually calculated by large dealers using computers and real-time stock data.

Unwinding of such programmes on Friday had a dramatic impact on prices because the programmes are typically established with tremendous amounts of capital, the analysts said.

"If someone had entered an arb buy programme at a two-point premium and gotten out at a three-point discount, that's a five point return in a matter of hours," Beyer said. "On

an annualized basis that's mind-boggling."

Walsh added that the annualized return of putting on a buy programme, and unwinding it at such levels exceeds 80 per cent.

And because many of the stocks in the Chicago Board of Trade's MMI stock index futures contract are going ex-dividend, arbitrageurs got the triple bonus of the rise in stock prices, the dividend and the premium collected from the arbitrage activity, Walsh said.

The rapid establishing and unwinding of arbitrage programmes during the course of the day made trading in the futures pits in Chicago hectic.

"The computers aren't moving as fast as the indexes are right now," Walsh said during the course of the plunge.

Instead of trading in the normal five basis point price increments, futures prices on the S and P 500 contract moved at times in 100 points "ticks," said one floor trader at the Chicago Mercantile Exchange. Bid and ask prices on MMI futures widened to as much as 200 basis points during the frantic activity, another trader on the CBT floor said.

One trader in the MMI pit at the

CBT, wearily waved his handkerchief in mock surrender during the peak of activity, yelling "I give up," though few diverted their attention from the market.

"It's making me nauseous," said one analyst when asked to comment about the market's decline.

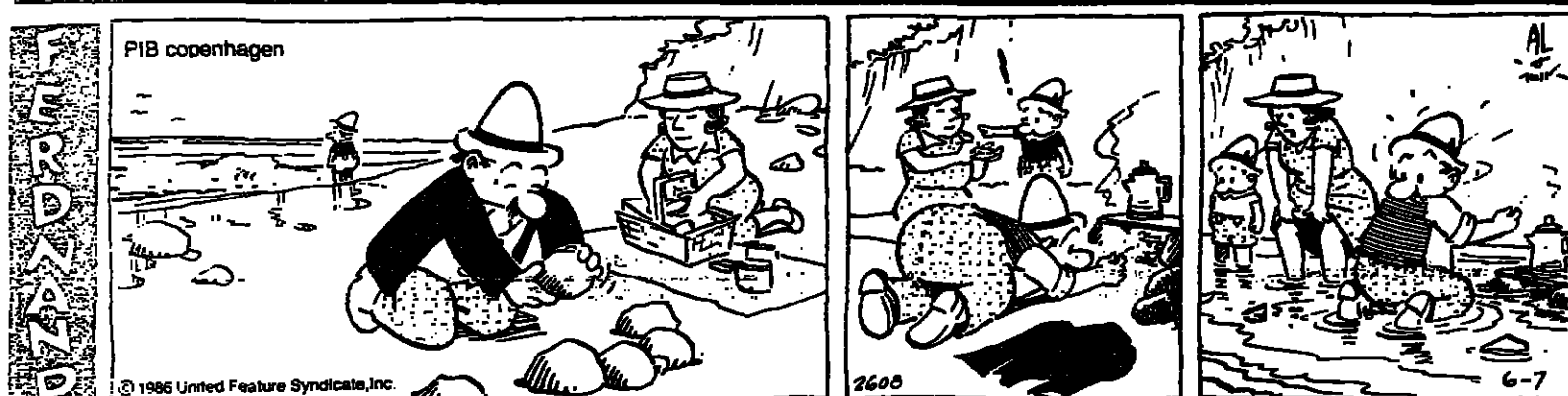
Some analysts feel that Friday's volatility could have a longer-term negative impact on the market as a whole.

"If I'm a prudent money manager, I don't know if I want to subject my funds to this kind of volatility," said Jonathan Wolff, analyst at Donaldson, Lufkin and Jenrette Inc.

"It's unhealthy for the market," Walsh said. "This morning has wiped out a lot of people and it's going to scare a lot of people away. I don't think the public can take this," he added.

For technicians, the advance to new all-time highs and the lower close on record volume signalled a key reversal, Wolff said.

"A technician would be very concerned," he said. A key reversal is considered an indicator of a short-term trend reversal, and the activity Friday may signal the beginning of a retracement of the advance that started at the beginning of the month.



CROSSWORD

ACROSS

- 1 Panned idleness, perhaps, as cause of this sensation (4,3,7)
- 9 Light carried in case this is left before fleet (7)
- 10 Total — one penny change in the palm (7)
- 11 Olympic finalists' advanced image (4)
- 12 Liberal, possibly, this kind of insurance? (5,5)
- 14 Hint of summit being cancelled (3,3)
- 15 He needs to know the score in the army (8)
- 17 Internal sac with liver complication (8)
- 18 Position can't be changed in Kent area (6)
- 21 Sally has nice lines (10)
- 22 Farm butter at one penny is a swindle (4)
- 24 Practices negro-songs without leading trio (7)
- 25 Unyieldingness built up in Aberdeen? (7)
- 26 Sufferers from it might find their stairs too difficult (1,4)

DOWN

- 1 Handy prognosticator? (7)
- 2 Simple Simon's components awry (3,6,6)
- 3 The last word in devotion (4)
- 4 Small boat lacking colour around Holyhead (6)
- 5 Superficial kiss in everlasting embrace (8)
- 6 Laid out at religious meeting, fall into ruin (10)
- 7 I rely on empiricism — I enter simple tax-coding (15)
- 8 Extend visit of boy taking in Scottish river (4,2)
- 13 Cheeky fragrance some common sweets possess (5,5)
- 16 Antacid casing Ma, perhaps (8)
- 17 Adders from Tel Aviv, I personally recommend (6)
- 19 See me return with papers in Victoria, for example (7)
- 20 Shock for fellow Tory (6)
- 23 Quiet song for duo (4)

SCRIBBLE PAD

Yesterday's Solution

RUSIAN REFRAIN
E H R O O R I
COLEST MEETING
L T N C A E A G
ANGELIRON MEDIA
I U I I A N R
MINGS OVERSPEND
V U N O
DEPRESSED NEEDS
A A
SCORE ROADMETAL
C T E V U R I
EYBALL OBSCENE
N A G I U E M N
HANGENT RESPECT

QUICK SOLUTION

ACROSS: 1. Whimsy, 4. Praise, 9. Affront, 10. Noise, 11. Turn, 12. Educate, 13. Rip, 14. Fame, 16. Chef, 18. Ale, 20. Slacken, 21. Pace, 24. Frase, 25. Eminent, 26. Detest, 27. Enter. DOWN: 1. Health, 2. Refer, 3. Show, 5. Renounce, 6. Initiate, 7. Eleven, 8. Steep, 13. Reckless, 15. Admire, 17. Ascend, 18. Anger, 19. Better, 22. Alert, 23. Pine.

QUICK CROSSWORD

ACROSS

- 5 Savoury jelly
- 8 One who presides over committee
- 9 Open-mouthed
- 10 Derision
- 11 Weighing-machine
- 14 Confess
- 16 Profile
- 17 Shrewd
- 18 Short swim
- 20 Gemstone
- 24 Gas formed in coal-mines
- 25 On the move
- 26 Graphite
- 27 Not written on

DOWN

- 1 Set of twenty
- 2 Conveniently near
- 3 Badger
- 4 Immature
- 6 Keen perception
- 7 Discourteous
- 12 Merry-go-round
- 13 Graze
- 14 Worn with age
- 15 Short sleep
- 19 Hanging spike of frozen water
- 21 Burglar's crowbar
- 22 American parrot
- 23 Trail of animal

GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Beit Hakarem, 18 Beit Hakarem, 521029; Belsam, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 810108; Dar Alawa, Herod's Gate, 282058. Tel Aviv: Lev Ha'ir, 69 Ahar Ha'em, 613862; Kupat Holim Meuhedet, 16 Sprinkler, 265200. Ra'anana: Kfar Sava: Dikstar, 47 Sheshet Hayamin, Kfar Sava. Netanya: Kupat Holim Clalit, 31 Brodetsky, 91123. Haifa: Yavne, 7 Ibn Sina, 672288.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatric), Tachana, 521029; Ein Kerem (internal, surgery, orthopedics, E.N.T.), Misgav Ladach (obstetrics), Shaare Zedek (ophthalmology). Tel Aviv: Roshak (pediatrics), Ichilov (internal, surgery). Netanya: Lamiado

POLICE 100

Dial 100 in most parts of the country. In Tiberias dial 244444, Kiryat Shmona 4444.

FIRE 102

In emergencies dial 102. Otherwise, number of your local station is in the front of the phone directory.

FLIGHTS

24 - Hours Flight Information Services: Call 03-9712484 (multi-line). Arrivals Only (Taped Message) 03-381111 (20 lines)

FIRST AID 101

Magen David Adom In emergencies dial 101 in most parts of the country. In addition: Ashdod 41353 Jerusalem 423133 Ashkelon 23333 Kiryat Shmona 44334 Beersheba 74767 Nahariya 923333 Carmel 986655 Netanya 23333 Dimona 771111 Petah Tikva 923111 Eilat 7233 Rehovot 461333 Hadera 22333 Rishon LeZion 942333 Haifa 512233 Safed 31333 Hatzor 36333 Tel Aviv 240111 Holon 803133 Tiberias 90111 * Mobile Intensive Care Unit (MICU) service in the area, around the clock. * "Ezer" — Emotional First Aid. Tel. Jerusalem 227171, Tel Aviv 281111 (children/youth 03-261113), Haifa 672222, Beersheba 418111, Netanya 53316. Rape Crisis Centre (24 hours), for help call Tel Aviv, 234818, Jerusalem — 245554, and Haifa 362811. Jerusalem Institute for Drug Problems. Tel. 653628, 653602, 14 Bethlehem Rd. The National Police Control Centre at Rambam Hospital, phone (04) 529205, for emergency calls, 24 hours a day, for information in case of poisoning. Knesset Health Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

Struggling with your user manual

At first glance they appear reassuring. Entitled "User Manual," "User Guide," and "Service Manual," these slick books that come with every brand computer are supposed to help us out of tight spots and lead us to the road of pleasure-filled computing. But the truth is that the surgeon general should have marked user manuals with the warning "Dangerous to your health!"

User manuals are the nemesis of the computer industry, and probably a cause for the sharp increase in the use of Valium over the last 10 years. Having invested billions of dollars to produce computers that are "user friendly," manufacturers on the whole, failed miserably when it came to supplying readable literature to describe and explain how to use that same machinery. Novice computer-niks are condemned to hours of frustration hunting for the magic paragraph or sentence, hiding among hundreds of confusing pages.

My own "Service Manual," received with my nameless Apple compatible, starts on page 37 (!) with the reassuring phrase "Before we start worrying about how to switch the...between Integer BASIC and Applesoft." From then on there's a long chain of jumbled sentences, half of which start with "Don't worry." Had it not been for my four years of computer science studies in

college and a few years of experience, I'd have been both worried and frustrated.

The reason user manuals come out the way they do is rooted in the sequence of computer production. Research and development engineers simply cannot see their product through a layperson's eyes. Af-

ter all, they understand the computer inside out, and they find it hard to believe this is not the case for other reasonable mortals. By the time the technical writers — those in charge of putting the manuals together — get to work, there's great pressure from management to "finish with the paperwork," and launch the pro-

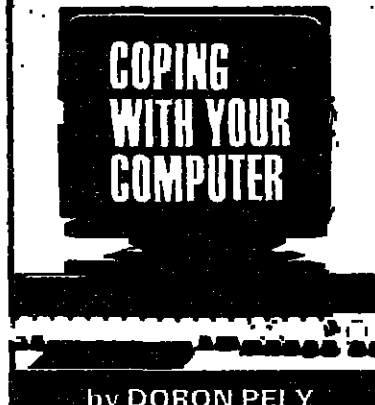
duct. The writers don't understand the engineers, and we get stuck with the results.

Computer vendors are not blind to the dampening effect of badly written user manuals. Some manufacturers push their products by stressing the thinness of their manuals. Other manufacturers have invested heavily in improving the manuals. But there's still a long way to go.

Most user manuals actually do contain the information required to operate a computer and solve the majority of the problems encountered. The trouble is twofold: The language of some manuals is too technical for the layperson, and the length of text is overwhelming.

The novice home-computer owner is not the only one to suffer from these troubles. Weathered professionals can frequently be seen wandering the rows of service manuals in R&D labs with a look of utter despair. The only difference is that professionals are paid to suffer.

There is no alternative to using the manual. The only solution is to keep your cool, attend to the manual as if every word in it is holy and pray the next generation of computers will be friendly enough to make manuals obsolete. A good friend with 10 years of experience with the same model as your machine can also be of great assistance.



by DORON PELY

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Naked kings at play

THE IDEA of an international forum, or conference, as a possible "umbrella" for direct talks between Israel and the Jordanians and Palestinians has for over a year now been a more-or-less settled part of the country's foreign policy.

It was not so earlier. The participation of the Labour government under Golda Meir in the brief 1973 Geneva conference was not construed as a precedent binding on future Israeli administrations. Although the first Likud government under Menachem Begin gave its reluctant assent to the resumption of the Geneva process, in 1977, it was greatly relieved when Anwar Sadat aborted that joint Soviet-American bid with his now famous initiative.

Direct peace talks, unencumbered by any unwanted outside interference, have since then been the cornerstone of Israel's conception of peacemaking.

Outside assistance in achieving peace was, however, an altogether different matter. U.S. diplomatic aid was vital in securing the 1978 Camp David agreements with Egypt, and in 1985 the then premier, Shimon Peres, reasoned that, if Jordan's main difficulty in having face-to-face talks with Israel was the need to "legitimize" such meetings in Arab eyes through the hovering presence of the big powers, then it was in Israel's interest to agree to such presence. The understanding being that it would not involve dictatorial intervention by the big powers.

In his address to the UN General Assembly on October 22, 1985, Mr. Peres called for direct Arab-Israeli peace negotiations, based on resolutions 242 and 338, which might, if it was deemed necessary, be "initiated with the support of an international forum." The premier cautioned at the same time that a government such as the Soviet Union, which had no diplomatic relations with Israel, could not, despite the Geneva precedent, be counted among the forum's participants. (Later he was to suggest the opening of Russia's gates to the exodus of Jews as a suitable *quid pro quo* in lieu of the renewal of diplomatic ties).

Notwithstanding some criticism, mostly tepid, from Likud benches, the Knesset "took note" of the premier's UN address, thus endorsing its central idea. At the Alexandria summit last September, Mr. Peres, in his last major act as premier before the rotation, secured President Mubarak's consent to what had by then become the official Israeli-favoured framework for peace negotiations.

Later this week Mr. Peres is due to come back home from a diplomatic tour of Western Europe in the course of which he sought, now as the country's foreign minister, not only to cement ties with the EEC, but also to obtain the support of Britain and France to restarting the peace process, Israeli style. While he was away, Prime Minister Yitzhak Shamir neatly pulled the rug from under Mr. Peres's feet.

Fast backtracking on a statement he made to Reuters ten days ago, that could only be interpreted as readiness to at least consider the possibility of trading land for peace, the premier scornfully dismissed any notion of international forum, or conference.

The only route to peace as Mr. Shamir sees it is direct talks without preconditions - even 242 and 338 are apparently conceived as unacceptable preconditions - in which the Arab partners are to discover for themselves whether the premier means to concede so much as a single square inch of land for peace.

Needless to say, the hope of peace depends on the Arabs at least as much as on Israel. For one thing, Jordan must still come up with a reasonable formula for Palestinian representation that does not admit the enemies of peace into the conference.

...li government which speaks in forked tongues - ...because it is internally in conflict or because its premier strikes diplomatic poses one day and retreats under his hard hat the next, is also not an outfit from which genuine peace efforts can be expected.

Fools for hire

THE SHI'ITE terrorists who kidnapped four American teachers at the West Beirut University College on Saturday, have been threatened with punishment by President Reagan. The four are apparently being held by the "Organization of the Oppressed of the Earth" as hostages against the release of Mohammed Ali Hamadi, whose extradition to the U.S. is being sought for his role in the hijacking of a TWA airliner last year.

Two German citizens were earlier abducted in Beirut for the same purpose.

Reports from Bonn indicate that the German government may not be averse to making a deal with the terrorists - such as arranging a trial for Hamadi on German soil, to be followed by his expulsion from the country. This sort of arrangement might take care of the four Americans as well. In any case, it is hard to see the terrorists, well protected as they are by the state of chaos that is Lebanon, being frightened, let alone deterred, by Mr. Reagan's rhetoric.

Intercession by Iran, friend if not sponsor of the Shi'ite terrorists, is not likely. Certainly, not without a huge, and even less likely, U.S. payoff.

What then, short of yielding to the terrorist blackmail, can be done? Probably nothing.

But at long last the lesson should be learned, namely, that Western governments, who do not wish to be blackmailed by the assorted terrorist groups in Lebanon, must keep their nationals out of that country. If they do not, they are inviting kidnappings and national defilement.

For those who would defy such bans, their governments should make it publicly known that no succor or sucker will be available.

Leumi's stability is what counts

Pinhas Landau

"TO LOSE one parent, Mr. Worth, may be regarded as a misfortune; to lose both looks like carelessness." The Importance of Being Earnest - Oscar Wilde.

As with parents so with chairmen of the board - except that with chairmen and other officials, two is not the maximum loss. And if losing two is carelessness, losing three may be considered criminal negligence.

The point about the appointment of Meir Heth to the chairmanship of Bank Leumi is that it is done. This morning, the Bank of Israel, Bank Leumi itself, and all the other Israeli banks, will start sending telexes to their business partners round the world telling them that Israel's leading bank, which is what Leumi is as far as the rest of the world is concerned, has got a new chairman and a spanking new board. The campaign to explain to them why the old board resigned has already been underway for two weeks. What has been missing has been the naming of successors, that would reassure the foreigners that the interregnum is over and that someone is again in charge at Leumi.

To the foreigners, the details of Leumi's management, from Japhet's \$5 million severance pay, to Amnon Goldenberg's duplicity, to Yosef Pecker's insider dealings, are of little moment. They have plenty of local scandals to keep them titillated, and although Jews are news, and it is of passing interest to them to see that the Jewish moneyman in Israel are as rapacious, and rather more foolish, than both gentile and Jewish moneymen in New York, London and elsewhere, they haven't got that much time for them.

But a bank that keeps cutting off its head, and about which it is revealed that the owners don't have the faintest idea what is going on - that is more serious as far as they are concerned, because it suggests chronic instability. For this to happen at Leumi, the flagship of Israeli banking, is therefore of greater relevance to the Israeli economy as a whole than the goings on at, say, Bank Mizrahi, which now has its third managing director within half a year, and whose former boss, Aharon Meir, is facing criminal charges in the Tel Aviv District Court.

Therefore, unless Meir Heth commits some blatant blunder, or is caught red-handed blowing open the main safe at Bank Leumi, it is highly undesirable to have him forced to resign. His position is, for that reason, very strong, and it is fervently to be hoped that he will know how to use this strength, and not abuse it.

THE ARGUMENT presented above, of what the foreign impact abroad will be of domestic events, especially regarding personalities, is usually a gross red herring. It was used by Japhet, Recanati et al as a reason for their not to be dismissed, and then by Peres and Shamir to Eli Hurvitz in their plea for him to stay on. To use it now in defence of Heth may therefore seem duplicitous, and indeed if it is Heth's skin at stake, it would be so.

But the issue is not Heth personally. Even if, Heaven forbid, Haim Ramon had been appointed chairman of Leumi, the argument would be the same. The institution that is Bank Leumi cannot afford to lose another chairman. Heth is now the chairman. Ergo, Leumi cannot afford to lose Heth. Fortunately, he is an honest man, and anyway he and all the directors will be under the microscope, so the chances of hanky-panky are much reduced. Now all he has to do is clean out the cesspit that Leumi has become, and

put into place some policies that will make the bank profitable again.

In addition to these minor chores, he will have to avoid the looming threat of nationalization, and restore the shattered morale of Leumi workers of all ranks, while firing many of them and giving little in the way of pay rises to the rest.

Anybody with that job on his plate needs to be pitied, rather than envied. The fact that the Bejski report had some unpleasant things to say about Heth has disturbed the sensibilities of many people, especially a group of self-appointed national consciences on the Knesset Finance Committee. If their record was not so appalling on the matters of the bank share "regulation" and the far worse bank share "arrangement" one could have more sympathy with their arguments, at least at the emotional level.

But the committee is chaired by the *Fiduci Defensor* himself, the bankers' best friend and - lest it be forgotten - the man whom Bejski fingered as having single-handedly panicked Yoram Aridor on Thursday, October 6, 1983, by claiming that a run on the banks' foreign currency deposits had begun. The same man, MK Avraham Shapira, is responsible for adding 25 percent, or over \$1.5 billion, to the cost of the bank share "arrangement" by his intervention at the cabinet meeting that set the terms of the "arrangement," by insisting that the holders of the bank shares be compensated for the devaluation that had been announced a few days earlier.

Shapira is also believed to be responsible for the fact that for the last two years, the Bank of Israel has been operating without the Advisory Committee that the law prescribes for it. The government has usurped that power to itself, with the approval of the Knesset Finance Committee, but Ramon, Tichon and the other heroes have not scored that as politicization of the banking system, as they have the selection of Leumi's new board.

The purpose of the Finance Committee is both to be watchdog of the system and to provide suitable legislation to make it function properly. With regard to the former, Bejski has little to say about the committee's efforts to stop the "regulation" and indeed, except for one famous session in November 1982, the committee was considerably quieter than say, Meir Heth, whose stream of warnings began much earlier, although he was repeatedly told to shut up and not rock the boat. As for legislation, the committee has provided none, neither before nor after the Bejski report was published. On the other hand, some of the persons and institutions that the committee loves to cut to ribbons, such as the Tel Aviv Stock Exchange and its managing director Yossi Nitzani, and the Examiner of Banks department at the central bank, and its head, Galia Maor, have been very active in trying to fill the legislative vacuum created by the committee's lack of activity. Ask them why they issue directives and rulings that push their authority to its outer limit, and maybe beyond, and they will say that if they would rather defer to the supreme legislative authority, namely the Knesset, but that in the absence of any initiative from that quarter they would rather act themselves than let the whole system crumble.

The holier-than-thou attitude of the Knesset Finance Committee is

therefore quite sickening. Their actual argument, that the Bejski report precludes Heth's appointment, at least on moral grounds, nevertheless has a strong basis - or at least it would have, if this were a moral country. But it is far from that, and the opportunity to make a total purge of the banking community in the wake of Bejski was missed in the summer of last year.

IF HETH doesn't meet the Bejski standard, then let's be clear about a few other persons as well. There is still one member of the Leumi board that Japhet appointed and that authorized his contract, who is still in a senior banking position today. He is Professor Eitan Berglas, and he chairs the board of directors at Bank Hapoalim.

The chief executive officers of Leumi, Hapoalim, Discount and Mizrahi, namely Mordechai Einhorn, Amiram Sivan, Gideon Lahav and Michael Zivneri, are all deeply stained with guilt for the "regulation." Einhorn was head of securities at Leumi, and then virtually ran the bank from late 1982. Sivan was director-general of the Treasury in the late '70s, when the "regulation" could and should have been stopped by the Treasury and the Bank of Israel. Lahav and Zivneri occupied senior positions in their banks throughout the crucial years. They are just the top group. A full list of all those who need to be purged would fill two pages of this paper, and still be incomplete. And that would only include the banks. In a revived Bejski-based purge, a lot of unanswered questions about the political echelon that were successfully buried last year, would force their way to the surface.

The opportunity that existed last year will not recur - in the same way that the opportunity for getting the whole economy out of the rut, that was available in early 1986, was wantonly wasted. The reason is to be found in New York.

The behaviour of the New York Stock Exchange - and indeed of those of London, Tokyo and others round the world - over the last month, and especially last Friday, is causing shivers that have nothing to do with the weather. More and more serious people are talking of the chances of a financial crash, and the literature pertaining to 1929 is being anxiously perused for possible symmetries with the current situation.

Maybe there will be a crash and maybe there won't. What matters most for the average person in this country is the attitude of the foreign bankers who lend us the money to enable us to afford the antics of the Knesset and its Finance Committee, not that of people like Yair Tzaban, for whom they are just a bunch of decadent capitalists. They, and the American taxpayer, keep us going, while the Tzabans, Ramons and Tichons have a ball plugging themselves in the media and rubber-stamping schemes like the bank share "arrangement" that waste billions of dollars of Israeli taxpayers' money.

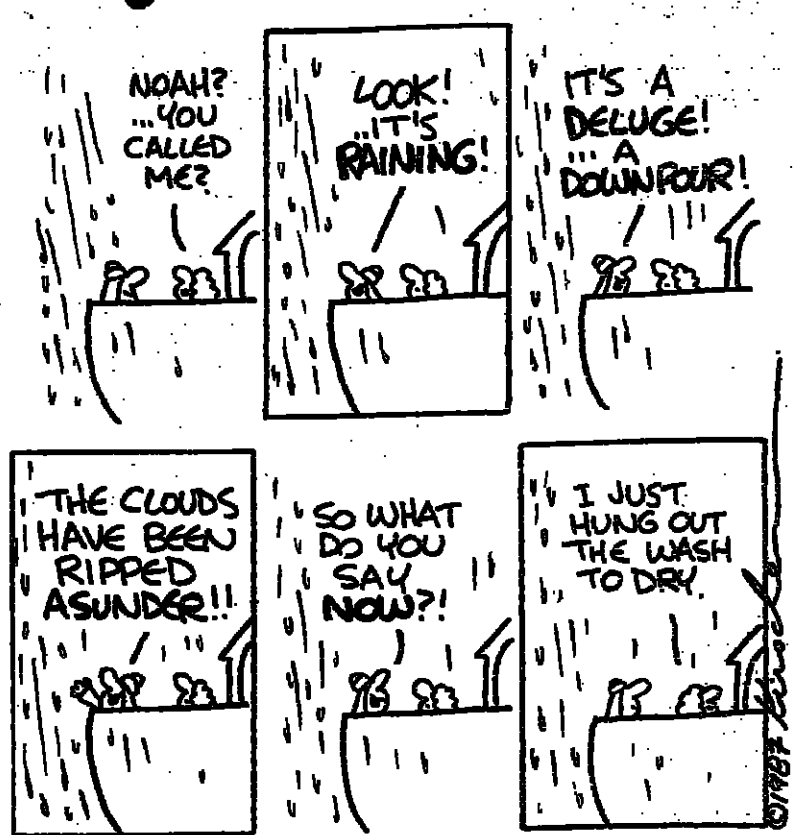
Therefore, in the frightening uncertainty of early 1987, we need Heth, Berglas, Sivan, Lahav and the others, as well as Maor, who should be persuaded from leaving her post as she intends to do as soon as possible. As the world heads into a possible trade-war inspired slump, with the debt crises inducing worsening financial instability, we need people with the intellectual capacity to understand what is happening and why, who may just have the ability to guide the pathetically frail Israeli economy through the storms that are threatening.

We don't need the intellectual pygmies of the Knesset Finance Committee, with their false playing on our sensibilities, and their consistent substitution of self-interest for common sense.

The writer is Finance Reporter of The Jerusalem Post.

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READERS' LETTERS

RECORDING THE HISTORY OF ALIYA BET

To the Editor of The Jerusalem Post: Sir, - I refer to Macabee Dean's December 11 article, "Unsung heroes of the 'illegal' aliya" and I want to congratulate those who are planning to record this chapter of history for posterity. Unfortunately, however, even recent history is often rewritten through sins of omission as well as commission.

Murray Greenfield of Tel Aviv apparently knows only about those Americans and Canadians who "went down to the sea" to bring refugees from Europe to Palestine in June of 1947 and thereafter. As I was one of several *Hehalutz* members in New York and vicinity who participated in organizing and despatching the first two ships that were manned by Americans and Canadians and sent overseas in early spring of 1946 I want to call your readers' attention to the fact that the project was started by Hagana representatives in America some time before Murray Greenfield became involved.

Now to only one of several sins of commission. By his flippancy as well as distorted presentation, your correspondent or his informant managed to trivialize an episode that deserves, at least, factual accuracy. Danny Shind - a founding member of Ayelet Hashahar, not a Kfar Sazid shepherd - was not chosen because someone mispronounced an English vowel sound.

According to those who were in Kibbutz Hahshara with him in Poland, in 1928-29 Shind already sought ways of sending people to Palestine illegally, because the mandatory government was issuing so few certificates.

In 1937, he was sent back to Poland from Palestine as a *shlichut* to the *hahsharot*. By 1939, he was in Bucharest organizing shipments of Jews, after having spent time in Greece and Italy arranging for the purchase of ships for what eventually became known as the Mossad for Aliya Bet.

When it became impossible to work directly out of Nazi-occupied Europe, Danny was in Constantinople - making occasional sorties into occupied zones - trying to save the remnants of Europe's Jews. Hence, when the war ended, there was adequate proof that he was the best man to send to America to expedite the purchase and manning of ships to carry refugees from Europe to Palestine.

SWISS CURRENCY

To the Editor of The Jerusalem Post: Sir, - On the front page of The Jerusalem Post of January 13, you have a picture of a Swiss 100-franc banknote to illustrate your story on the revaluation of four currencies of the European Monetary System.

Although we Swiss are very proud of our currency and it was heart-

I trust that those preparing the proposed book will not ignore the stories of people in Kfar Blum, Kfar Menahem, Beit Herut - and numerous other places in Israel who manned American refugee ships before 1947.

SHIRLEY LASHNER-SHPIRA
Jerusalem.

Macabee Dean comments: My article was meant to alert as many people as possible to the forthcoming anniversary and the book, so they could contribute - their deeds, impressions, nostalgias as well as conflicting versions, for time has a tendency to colour the facts - so the editors would have a rich pool to draw from.

Ms. Shirley Shpira is the fourth person to contribute her rich experiences as a result of the article, and another dozen Israelis have promised to contact friends and acquaintances among their former shipmates abroad.

As for sins of omission and commission, at no place in the article did it say that the "adventure" started in June 1947. The date mentioned was the "most innocuous letter" dated January 31, 1946. The article did say, however, that the 40th anniversary would be in June 1987, a date representing a middle period in the operation.

Murray Greenfield's involvement was as a sea-going volunteer, not as an organizer, which helps explain why his vivid impressions differ from those of Ms. Shpira's.

The article was meant to be a bit "flippant." The reason why Danny Shind was sent to the U.S. is a lovely legend which will always quarrel with the truth for its place in history.

In this respect, I can only quote from a charming letter I received from his widow, Chava Shind, of Kfar Sazid: "I enjoyed reading your article on Aliya Bet. I especially liked, of course, your mentioning my late husband and chuckled at the legend of how he came to work with Aliya Bet. This is the second time I've heard it and I wonder how it originated. My husband, with his keen sense of humour, would have appreciated it too! I would like to point out, though, that my husband was a member of Kibbutz Ayelet Hashahar, a fact he was very proud of."

warning to see a facsimile of it over breakfast. I must point out that Switzerland is not a member of the European Monetary system.

GEORGE G. SZPIRO,
Financial Correspondent,
Neue Zuercher Zeitung
Jerusalem.

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